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RECORDATION NO. 18787 FILED 1425

APR 28 1994 -9 45 AM

INTERSTATE COMMERCE COMMISSION

April 28, 1994

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 18787 FILED 1425

APR 28 1994 -9 45 AM

INTERSTATE COMMERCE COMMISSION

Mr. Sidney L. Strickland, Jr., Secretary
Interstate Commerce Commission
Twelfth Street & Constitution Avenue, N.W.
Washington, DC 20423

Re: Burlington Northern Railroad Company
Leveraged Lease Locomotive Financing
BNRR 1994-B

Dear Mr. Strickland:

I am enclosing for recording pursuant to Section 11303 of Title 49 of the United States Code, two original copies of each of the two primary documents described below and the two secondary documents described below, which secondary documents are related to the enclosed primary documents. As one of the attorneys representing the Lessee in this transaction, I have knowledge of the matters described in this letter.

The enclosed primary documents are as follows:

(1) Lease Agreement (BNRR 1994-B), dated as of April 28, 1994, between Lincoln Locomotive Lease Co., Ltd., as lessor (the *"Lessor"*), and Burlington Northern Railroad Company, as lessee (the *"Lessee"*); and

(2) Trust Indenture and Security Agreement (BNRR 1994-B), dated as of April 28, 1994, between the Lessor, the Lessee and Wilmington Trust Company, as indenture trustee (the *"Indenture Trustee"*).

The enclosed secondary documents are as follows:

(1) Lease Supplement No. 1 (BNRR 1994-B), dated April 28, 1994, between the Lessee and the Lessor; and

(2) Trust Indenture Supplement No. 1 (BNRR 1994-B), dated April 28, 1994, between the Lessor, the Lessee and the Indenture Trustee.

The primary documents to which Lease Supplement No. 1 (BNRR 1994-B) and Trust Indenture Supplement No. 1 (BNRR 1994-B) are connected are the Lease Agreement

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(BNRR 1994-B) and the Trust Indenture and Security Agreement (BNRR 1994-B), respectively, referred to above and which are being submitted for recording concurrently therewith.

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

LEASE AGREEMENT

Lessee: Burlington Northern Railroad Company
3800 Continental Plaza
777 Main Street
Fort Worth, Texas 76102

Lessor: Lincoln Locomotive Lease Co., Ltd.
c/o Babcock & Brown, Incorporated
Hills Plaza, 2 Harrison Street
6th Floor
San Francisco, California 94105

TRUST INDENTURE AND SECURITY AGREEMENT

Lessor: Lincoln Locomotive Lease Co., Ltd.
c/o Babcock & Brown, Incorporated
Hills Plaza, 2 Harrison Street
6th Floor
San Francisco, California 94105

Lessee: Burlington Northern Railroad Company
3800 Continental Plaza
777 Main Street
Fort Worth, Texas 76102

Indenture Trustee: Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890

LEASE SUPPLEMENT NO. 1

Lessee:	Burlington Northern Railroad Company 3800 Continental Plaza 777 Main Street Fort Worth, Texas 76102
Lessor:	Lincoln Locomotive Lease Co., Ltd. c/o Babcock & Brown, Incorporated Hills Plaza, 2 Harrison Street 6th Floor San Francisco, California 94105

TRUST INDENTURE SUPPLEMENT NO. 1

Lessor:	Lincoln Locomotive Lease Co., Ltd. c/o Babcock & Brown, Incorporated Hills Plaza, 2 Harrison Street 6th Floor San Francisco, California 94105
Lessee:	Burlington Northern Railroad Company 3800 Continental Plaza 777 Main Street Fort Worth, Texas 76102
Indenture Trustee:	Wilmington Trust Company Rodney Square North 1100 North Market Street Wilmington, Delaware 19890

The Lease Agreement provides, *inter alia,* for the lease by the Lessor to the Lessee of certain Locomotives (the *"Equipment"*). The Trust Indenture and Security Agreement provides, *inter alia,* for the granting of a security interest in the Equipment in favor of the Indenture Trustee in order to secure the Lessor's performance of certain obligations under the Trust Indenture and Security Agreement and the Lessee's performance of certain obligations under the Lease Agreement and any Lease Supplement and Trust Indenture Supplement executed and delivered from time to time pursuant to the Lease Agreement and the Trust Indenture and Security Agreement. Lease Supplement No. 1 and Trust Indenture Supplement No. 1 provide, *inter alia,* for the Lease Agreement and the Trust Indenture and

Security Agreement to apply to the diesel electric locomotives bearing the road numbers set forth in the Lease Supplement, namely the road numbers set forth in Exhibit A hereto.

The description of the equipment covered as of the date hereof by the aforesaid Lease Agreement, Trust Indenture and Security Agreement, Lease Supplement No. 1 and Trust Indenture Supplement No. 1 is as set forth on Exhibit A hereto.

A fee of sixty-four dollars ($64.00) is enclosed. Please time and date stamp the enclosed copy of each of the enclosed documents along with the extra copy of this letter as proof of filing and recordation of the enclosed documents and return the original and any extra copies of such documents and this letter not needed by the Commission for recordation to:

Michael G. McGee, Esq.
Chapman and Cutler
111 West Monroe
Chicago, Illinois 60603

A short summary of each of the documents to appear in the index follows:

(1) LEASE AGREEMENT:

Lease Agreement (BNRR 1994-B) between Lincoln Locomotive Lease Co., Ltd., as Lessor, c/o Babcock & Brown, Incorporated, Hills Plaza, 2 Harrison Street, 6th Floor, San Francisco, California 94105 and Burlington Northern Railroad Company, as Lessee, 3800 Continental Plaza, 777 Main Street, Fort Worth, Texas 76102, dated as of April 28, 1994, covering the diesel electric locomotives bearing the road numbers set forth in such Lease Supplements as may be executed and delivered from time to time pursuant to such Lease Agreement.

(2) TRUST INDENTURE AND SECURITY AGREEMENT:

Trust Indenture and Security Agreement between Lincoln Locomotive Lease Co., Ltd., as Lessor, c/o Babcock & Brown, Incorporated, Hills Plaza, 2 Harrison Street, 6th Floor, San Francisco, California 94105, Burlington Northern Railroad Company, as Lessee, 3800 Continental Plaza, 777 Main Street, Fort Worth, Texas 76102, and Wilmington Trust Company, as Indenture Trustee, Rodney Square North, 1100 Market Street, Wilmington, Delaware 19890, dated as of April 28, 1994, securing the obligations of the Lessor and the Lessee relating to diesel electric locomotives bearing the road numbers set forth in such Lease Supplements attached to such Trust Indenture Supplements as may be executed and delivered from time to time pursuant to such Trust Indenture and Security Agreement.

(3) LEASE SUPPLEMENT NO. 1:

Lease Supplement No. 1 between Lincoln Locomotive Lease Co., Ltd., as Lessor, c/o Babcock & Brown, Incorporated, Hills Plaza, 2 Harrison Street, 6th Floor, San Francisco, California 94105 and Burlington Northern Railroad Company, as Lessee, 3800 Continental Plaza, 777 Main Street, Fort Worth, Texas 76102, dated April 28, 1994, covering diesel electric locomotives bearing the road numbers set forth in Schedule 1 to such Lease Supplement No. 1, namely road numbers set forth in Exhibit A hereto. Lease Supplement No. 1 is related to the Lease Agreement between the Lessor and the Lessee dated as of April 28, 1994, which is filed concurrently herewith.

(4) TRUST INDENTURE SUPPLEMENT NO. 1:

Trust Indenture Supplement No. 1 between Lincoln Locomotive Lease Co., Ltd., as Lessor, c/o Babcock & Brown, Incorporated, Hills Plaza, 2 Harrison Street, 6th Floor, San Francisco, California 94105, Burlington Northern Railroad Company, as Lessee, 3800 Continental Plaza, 777 Main Street, Fort Worth, Texas 76102, and Wilmington Trust Company, as Indenture Trustee, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, dated April 28, 1994, securing the obligations of the Lessor and the Lessee relating to diesel electric locomotives bearing road numbers set forth in such Lease Supplement attached to such Trust Indenture Supplement No. 1, namely road numbers set forth in Exhibit A hereto. The Trust Indenture Supplement No. 1 is related to the Trust Indenture and Security Agreement between the Lessor, the Lessee and the Indenture Trustee, dated as of April 28, 1994, which is filed concurrently herewith.

If you have any questions or need further information, please do not hesitate to contact the undersigned (312-845-3767).

Sincerely,

CHAPMAN AND CUTLER

By Michael McGee
Michael G. McGee

MGM/cs
Enclosure

EXHIBIT A

UNITS

EQUIPMENT	QUANTITY	REPORTING MARKS
Diesel Electric Locomotives	13	BN 9425 through BN 9430, inclusive BN 9432 through BN 9438, inclusive

Interstate Commerce Commission

Washington, D.C. 20423

4/28/94

OFFICE OF THE SECRETARY

Michael G. McGee
Chapman & Cutler
111 West Monroe
Chicago, IL. 60603

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/28/94 at 9:45am , and assigned recordation number(s). 18787 18787-AB&C

Sincerely yours,

Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

RECORDATION NO. 18787 FILED 1425

APR 28 1994 -9 45 AM

INTERSTATE COMMERCE COMMISSION

[EXECUTION COPY]

LEASE AGREEMENT (BNRR 1994-B)

Between

LINCOLN LOCOMOTIVE LEASE CO., LTD.,
as Lessor

and

BURLINGTON NORTHERN RAILROAD COMPANY,
as Lessee

Thirteen General Motors Corporation (Electro-Motive Division) Model SD 70M-AC Diesel Electric Locomotives

Dated as of April 28, 1994

CERTAIN RIGHTS, TITLE AND INTEREST IN AND TO THIS LEASE AGREEMENT AND TO THE ITEMS OF EQUIPMENT COVERED HEREBY ON THE PART OF LINCOLN LOCOMOTIVE LEASE CO., LTD. HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF WILMINGTON TRUST COMPANY AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE AND SECURITY AGREEMENT (BNRR 1994-B) DATED AS OF APRIL 28, 1994. TO THE EXTENT, IF ANY, THAT THIS LEASE AGREEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE AGREEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY WILMINGTON TRUST COMPANY AS INDENTURE TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on _____, 1994, at __:__ _.m., recordation number _____, and deposited in the Office of the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada on _____, 1994, at __:__ _:m.

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LEASE AGREEMENT (BNRR 1994-B)

This LEASE AGREEMENT (BNRR 1994-B), dated as of April 28, 1994, between LINCOLN LOCOMOTIVE LEASE CO., LTD., a corporation formed under the laws of the Cayman Islands, with its registered office at Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands (together with its successors and permitted assigns, "Lessor"), and BURLINGTON NORTHERN RAILROAD COMPANY, a Delaware corporation with its principal place of business at 777 Main Street, Fort Worth, Texas 76102 (together with its successors and permitted assigns, "Lessee").

W I T N E S S E T H:

Section 1. Definitions. Unless the context otherwise requires, all capitalized terms used herein without definition shall have the meanings set forth in Appendix X hereto for all purposes of this Agreement.

Section 2. Acceptance and Leasing of Items of Equipment. Effective on the Delivery Date, if the conditions set forth in Sections 3 and 4 of the Equity Participation Agreement have been satisfied, Lessor hereby agrees to lease to Lessee hereunder, and Lessee hereby agrees to lease from Lessor hereunder, the Items of Equipment for the Term, as evidenced by the execution and delivery on the Delivery Date in New York, New York, by Lessor and Lessee of a Lease Supplement leasing the Items of Equipment hereunder. The execution and delivery by Lessee of such Lease Supplement shall, without further act, irrevocably constitute acceptance by Lessee of the Items of Equipment for all purposes of this Agreement.

Section 3. Term and Rent.

(a) Term. The Term shall commence on the Delivery Date and except as otherwise provided herein shall end on the Lease Expiry Date.

(b) Basic Rent. Lessee hereby agrees to pay to Lessor during the Term Basic Rent in arrears for each Item of Equipment in consecutive installments on the dates shown in Schedule A and in amounts computed as provided in such Schedule A.

(c) Supplemental Rent. Lessee also agrees to pay to Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee to pay any Supplemental Rent, Lessor shall, subject to Section 15, have all rights, powers and remedies provided for herein, in equity or at law, as in the case of nonpayment of Basic Rent.

(d) Place and Manner of Payment. Except as otherwise required by this Lease, the Equity Participation Agreement or the Indenture, all Basic Rent and Supplemental Rent payable to Lessor shall be paid by Lessee to Lessor in the currency designated for the payment of such amounts pursuant to the appropriate schedules attached hereto or, in the case of indemnity payments as designated under the Equity Participation Agreement or under Section 20 hereof. Except as provided with respect to certain Dollar denominated payments hereunder in the last sentence of this Section 3(d), payment of all amounts due hereunder shall be made at the registered office of Lessor in the Cayman Islands, or at such other address as Lessor may specify in writing to Lessee. All payments of Basic Rent and Supplemental Rent shall be paid in immediately available funds by 11:30 a.m. (New York City time) on the applicable Rent Payment Date. If a Payment Instruction Letter is delivered, all Dollar denominated payments of Basic Rent, Basic Termination Payments, Casualty Value Termination Payments, Purchase Price and Deficiency Payments payable to Lessor hereunder shall be paid as set forth in such Payment Instruction Letter, but in the absence of a Payment Instruction Letter such amounts shall be paid into the Dollar Account.

(e) Amount of Payments. Anything contained herein or in any other Operative Document to the contrary notwithstanding, (i) each installment of Basic Rent designated for payment in Dollars on a Rent Payment Date shall be an amount which in all circumstances is an amount at least equal to the amount of principal of and interest on the Equipment Certificates that falls due and is payable by the Lessor pursuant to the Indenture (other than by reason of acceleration of the Equipment Certificates) on such Date and (ii) Basic Termination Payment and Casualty Value Termination Payments designated for payment in Dollars shall be an amount which in all circumstances is an amount at least equal to the amount of (x) principal of and interest on the Equipment Certificates that falls due and is payable by the Lessor pursuant to the Indenture on the Prepayment Date or date of acceleration of the Equipment Certificates plus (y) the Make-Whole Amount, if any.

Section 4. Lessor's Disclaimers; Certain Agreements.

(a) LESSOR NEITHER MAKES NOR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, VALUE, CONDITION, WORKMANSHIP, DESIGN, PATENT INFRINGEMENT, OPERATION, MERCHANTABILITY OR FITNESS FOR USE OF ANY ITEM OF EQUIPMENT OR ANY PART THEREOF OR AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY ITEM OF EQUIPMENT OR ANY PART THEREOF, except that Lessor represents and warrants that on the Delivery Date it shall have received whatever title was conveyed to it on such Delivery Date and that each Item of Equipment shall be free of

Lessor's Liens. Lessor shall not have any responsibility or liability to Lessee or any other Person, other than to the extent caused by the gross negligence or willful misconduct of Lessor, with respect to (w) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein, or by any other circumstance in connection therewith (Lessor shall not be responsible at all with regard to the workmanship, design, patent infringement, merchantability or fitness for use of any Item of Equipment), (x) the use, operation or performance of any Item of Equipment or any risks relating thereto, (y) any interruption of service, loss of business or anticipated profits or consequential damages (unless caused by a breach by Lessor of Section 4(b)) or (z) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment.

(b) Except as expressly permitted by Section 15, neither Lessor nor anyone claiming by, through or under Lessor, other than the Indenture Trustee under the Indenture, shall take or cause to be taken any action contrary to Lessee's right to quiet enjoyment of, or otherwise interrupt or interfere with, Lessee's continuing possession, use and operation of, any Item of Equipment during the Term. Lessor shall promptly, at its own expense, take such action as is necessary duly to discharge any Lessor's Lien with respect to any Item of Equipment, title thereto or any interest therein or in this Lease if the same shall arise at any time and shall protect, save and keep harmless Lessee and its successors and permitted assigns from and against any and all liabilities, losses, damages, penalties, claims, actions, suits, costs and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature that may be imposed on, incurred by or asserted at any time against Lessee, its successors and permitted assigns, as a result of any Lessor's Lien. If Lessor fails to take such action as is necessary duly to discharge any such Lessor's Lien that does or will interrupt or interfere with Lessee's operation of any Item of Equipment, Lessee may give Lessor notice of Lessee's intent to discharge such Lessor's Lien in accordance with the following sentence, which notice shall specify the action Lessee intends to take in connection therewith. In the event that Lessor fails to discharge such Lessor's Lien within 10 days after receiving such notice, Lessee shall have the right, but not the obligation, to take such action as is necessary to discharge such Lessor's Lien and the costs and expenses reasonably incurred by Lessee in connection with the discharge of such Lessor's Lien, together with interest thereon at the rate of interest specified in Section 13 of the Equity Participation Agreement as being applicable to payments made in the currency in which such costs and expenses are paid, from the date of expenditure to but not including the date of payment, calculated on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed, shall be payable by Lessor to Lessee on demand. Lessor and Lessee acknowledge and agree that nothing contained in Section 12.03 of the Indenture shall be deemed or construed (i) to relieve Lessor of any of its obligations under this Section 4(b), or (ii) as a waiver by Lessee of any claim which Lessee may have under this Section 4(b).

Section 5. Return of Items of Equipment and Records.

(a) Return of Items of Equipment. Unless purchased by Lessee as provided in Section 9, 10, 15 or 19, Lessee, at its own expense, shall return all Items of Equipment within fifteen days after the expiration of the Term upon such storage tracks of Lessee (which shall be at not more than two separate locations) as Lessee shall designate by written notice to Lessor at least 10 days prior to return.

(b) Fuel; Records. Upon the return of any Item of Equipment, (i) Lessee shall have no obligation with respect to the amount of fuel or oil contained in such Item of Equipment and all fuel or oil contained in such Item of Equipment at the time of such return shall be the property of Lessor without charge and (ii) Lessee shall deliver or cause to be delivered to Lessor all records, logs and other materials in the possession of Lessee or its agents that (x) are required by any applicable governmental authority having jurisdiction to be maintained in respect to such Item of Equipment or (y) are available to Lessee with respect to the ownership, use, operation, or maintenance of such Item of Equipment; provided, that Lessee may deliver computerized compilations, photocopies or other facsimiles of such records, logs and other materials unless the original thereof is required by applicable governmental authority to be in the possession of the Person who is in possession of the Item of Equipment to which such record, log or other materials relate.

(c) Condition of Items of Equipment. Each Item of Equipment when returned to Lessor (i) shall be free and clear of all Liens (other than Lessor's Liens (except in the case of a redelivery of any such Item of Equipment pursuant to Section 15(a)(i)), the rights of the Indenture Trustee as provided in the Indenture, and the rights of third parties under pooling, interchange, overhaul, repair or other similar arrangements permitted by the terms of this Lease) and (ii) shall be in the condition required by Section 7. As promptly as practicable after Lessee has notified Lessor that all of the Items of Equipment have been assembled and delivered in accordance with Section 5(a), Lessee and Lessor shall jointly inspect the Items of Equipment in accordance with normal railroad industry practice to determine whether the Items of Equipment are in the condition required by Section 7. Upon completion of the joint inspection with respect to any Item of Equipment meeting the requirements of Section 7, Lessee shall promptly store (or continue to store) such Item of Equipment in accordance with Section 5(d) and shall not be required to remove such Item of Equipment from storage until Lessee receives Lessor's delivery instructions in accordance with Section 5(d).

(d) Storage. Upon the return of the Items of Equipment, (i) Lessee shall permit Lessor to store all Items of Equipment on Lessee's tracks beyond the Term until Lessee delivers written notice to Lessor that all Items of Equipment have been assembled and delivered in accordance with Section 5(a) and thereafter for a period of not more than 90 days (the "Initial Storage Period") and (ii) upon not less than 20 days'

prior written notice from Lessor to Lessee, Lessee shall transport the Items of Equipment, at any time during the Initial Storage Period following delivery of the notice given pursuant to clause (i) hereof, to up to five locations on the lines of railroad operated by Lessee, or to any connecting carrier for shipment, all as directed by Lessor in any written notice given pursuant to this clause (ii); provided, however, that Lessee shall not be obligated to move any Item of Equipment during its initial storage more than once at the request of Lessor. The movement and storage of the Items of Equipment during the Initial Storage Period will be at the sole cost, risk and expense of Lessee. Upon expiration of the Initial Storage Period, at the request of Lessor, Lessee shall store the Items of Equipment for a period of not more than 180 days thereafter; provided, that the Lessee may charge the Lessor an amount based on the then normal rates charged by the Lessee for storage of locomotives on its tracks, and such additional storage shall be at the sole cost, risk and expense of Lessor.

Section 6. Liens. Lessee shall not, directly or indirectly, create, incur, assume, permit, or suffer to exist any Lien on or with respect to any Item of Equipment, title thereto or any interest therein or in this Lease except (a) the respective rights of Lessor and Lessee as herein provided and the rights of the Indenture Trustee as provided in the Indenture, (b) the rights of others under agreements or arrangements to the extent expressly permitted by the terms of Section 7(e), (c) Lessor's Liens, (d) Liens for Taxes either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of such Item of Equipment or interest therein and for the payment of which Taxes adequate reserves have been provided, (e) materialmen's, mechanics', workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of business for amounts the payment of which is either not yet delinquent or is being contested in good faith by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of such Item of Equipment or interest therein and for the payment of which Liens adequate reserves have been provided, (f) Liens (other than Liens for Taxes) arising out of judgments or awards against Lessee with respect to which at the time an appeal or proceeding for review is being prosecuted in good faith by appropriate proceedings and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review, and (g) salvage or similar rights of insurers under insurance policies maintained pursuant to Section 11 hereof. Lessee will promptly, at its own expense, take such action as may be necessary by bonding or otherwise duly to discharge any such Lien not excepted above if the same shall arise at any time.

Section 7. Maintenance; Operation; Records; Compliance with Laws; Possession; Identification Marks.

(a) Maintenance. During the Term and the Initial Storage Period Lessee, at its own expense, shall maintain and service each Item of Equipment in the same manner as employed by Lessee for similar items of equipment owned or leased by

it at such time and shall adhere to Lessee's applicable standard preventive maintenance schedule with respect to such Item of Equipment, so that such Item of Equipment will remain (i) in as good operating condition as when delivered to Lessee hereunder (ordinary wear and tear excepted), (ii) suitable for immediate purchase or lease and immediate regular use in main line freight service by a Class I line-haul railroad and (iii) eligible under all Manufacturer's warranties. Lessee agrees that it will not discriminate against any Item of Equipment (as compared to other similar equipment owned or operated by Lessee) with respect to its use, operation or maintenance in contemplation of the expiration or termination of this Lease.

(b) Operation. The Items of Equipment will be used in the general operation of Lessee's freight rail business on Lessee's railroad system, on railroad lines over which Lessee has trackage rights, and on railroad lines of other railroads in the United States, Canada and Mexico in the usual interchange of traffic or in through or run-through service.

(c) Records; Information. Lessee, at no expense to Lessor or the Indenture Trustee, shall: (i) during the Term maintain all records, logs and other materials required by any applicable governmental authority having jurisdiction to be maintained in respect of any Item of Equipment, and (ii) promptly furnish to Lessor or the Indenture Trustee, as the case may be, such information as may reasonably be required to enable Lessor or the Indenture Trustee, as the case may be, to file any reports required to be filed by Lessor or the Indenture Trustee with any governmental authority because of Lessor's ownership of, or the Indenture Trustee's security interest in, the Items of Equipment.

(d) Compliance with Laws, Etc. Lessee agrees to comply, at all times, in all respects (including, without limitation, with respect to the use, maintenance and operation of each Item of Equipment) with the interchange rules of the Association of American Railroads, if applicable, and with all Applicable Laws to the extent that such Applicable Laws affect the title, operation, maintenance or use of such Items of Equipment. In the event that any such rule or Applicable Law requires alteration of any Item of Equipment, Lessee shall conform thereto or obtain conformance therewith at no expense to Lessor and shall maintain the Item of Equipment in proper condition under such rules and Applicable Laws; provided, however, that Lessee may in good faith contest the validity or application of any such rule or Applicable Law in any reasonable manner which does not and will not materially adversely affect Lessor.

(e) Possession. Lessee shall not, without the prior written consent of Lessor, sublease or otherwise in any manner deliver, transfer or relinquish possession of any Item of Equipment; provided, that so long as no Event of Default shall have occurred and be continuing, and so long as the action to be taken does not and will not permit, require, or result in the transfer of Lessor's rights in or to any Item of Equipment, or adversely affect the Indenture Trustee's rights under the Indenture or the

availability to Lessor or the Indenture Trustee of benefits under 11 U.S.C. § 1168 or any successor provision with respect to the Items of Equipment, Lessee may, without the prior written consent of Lessor, enter into a sublease of, or an interchange or run-through agreement with respect to, any Item of Equipment, or permit its use by, any user incorporated in the United States of America (or any state thereof or the District of Columbia), Canada or Mexico upon lines of a railroad owned or operated by Lessee or such user or by a railroad company or companies incorporated in the United States of America (or any state thereof or the District of Columbia), Canada or Mexico or over which Lessee, such user, or such railroad company or companies have trackage rights or rights for operation of their trains, and upon the lines of railroads of connecting and other carriers in the usual interchange of traffic or in through or run-through service, but only upon and subject to all the terms and conditions of this Lease; provided, further, that (i) such sublease, interchange or run-through agreement or use shall not continue beyond the end of the Term, (ii) such sublease or other agreement related to use shall by its terms prohibit the sublessee or user from locating an Item of Equipment outside the United States, Canada and Mexico, and (iii) the rights of any transferee who receives possession by reason of a sublease, interchange or run-through agreement or use permitted by this Section 7(e) shall be subject and subordinate to all the terms of this Lease and the Indenture. No such sublease, interchange or run-through agreement or other relinquishment of possession of any Item of Equipment shall in any way discharge or diminish any of Lessee's obligations to Lessor and the Indenture Trustee hereunder or under any other Operative Document for which obligations Lessee shall be and remain primarily liable as a principal and not as a surety.

(f) Identification Marks. Lessee (i) has caused on or prior to the Delivery Date (or shall cause as soon thereafter as is practicable) the Items of Equipment to be numbered with the respective identification numbers set forth in Schedule 1 hereto, and (ii) shall keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Item of Equipment, in letters not less than one inch in height, the words "Ownership subject to a Security Agreement filed with the Interstate Commerce Commission," or "Subject to a Security Agreement recorded with the Interstate Commerce Commission," with appropriate changes thereof as from time to time may be required by law, or required in the opinion of Lessor, in order to protect Lessor's title to and interest in such Item of Equipment and the rights of Lessor under this Lease and the other Operative Documents. Lessee shall not place any Item of Equipment in operation or exercise any control or dominion over the same until such words shall have been so marked and shall replace promptly any such markings which may be removed, defaced, obliterated or destroyed. Lessee shall not change the identification number of any Item of Equipment unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with Lessor and the Indenture Trustee and duly filed, recorded or deposited, as the case may be, by Lessee in all public offices where this Lease shall have been filed, recorded or deposited and (ii) Lessee shall have furnished Lessor and the Indenture Trustee with an opinion of counsel in form and substance satisfactory to Lessor to the effect that such statement has been so

filed, recorded or deposited, and that no other filing, recordation, deposit or giving of notice with or to any federal, District of Columbia, state, provincial or local government or agency thereof is necessary to protect the rights of Lessor and the Indenture Trustee in such Item of Equipment. Except as provided in this Section 7(f), Lessee shall not allow the name of any Person to be placed on any Item of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that an Item of Equipment may be lettered with the names or initials or other insignia customarily used by Lessee or its Affiliates.

Section 8. Improvements.

(a) Improvements. The Lessee shall make such Improvements to the Items of Equipment as shall be required in order to comply with Section 7. In addition, the Lessee may make such other Improvements to an Item of Equipment as the Lessee may deem desirable but only to the extent that (i) in the case of Severable Improvements, such Severable Improvements are readily removable without causing damage to such Item of Equipment and without impairing its commercial value (determined as if such Improvements had not been made) beyond a de minimis extent and (ii) in the case of Nonseverable Improvements, such Nonseverable Improvements do not diminish the fair market sale value, remaining expected useful life, productive capacity, residual value or utility of such Item of Equipment.

(b) Title; Removal of Severable Improvements. Title to each Nonseverable Improvement shall, without further act, vest in the Lessor. Title to each Severable Improvement shall, without further act, vest or remain, as the case may be, in the Lessee, and, provided no Event of Default shall then have occurred and be continuing, the Lessee at its own expense and risk shall have the right to remove any Severable Improvement to which the Lessee has title from the Items of Equipment at any time during or at the expiration of the Term. Any Severable Improvement not so removed shall become the property of the Lessor free and clear of all rights of the Lessee, without further act. The Lessor shall have the right to purchase from the Lessee any Severable Improvements removed by the Lessee at the expiration of the Term in consideration of the payment to the Lessee of the Fair Market Sale Value thereof. For purposes of this paragraph, "Fair Market Sale Value" for any Severable Improvement shall mean the sale value of such Severable Improvement that would be obtained in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer-user, which determination shall be made (i) without deduction for any costs of removal of such Severable Improvement from the location of current use and (ii) on the assumption that such Severable Improvement is free and clear of all Liens and is in the condition and repair in which it (or the Item of Equipment to which it relates) is required to be returned pursuant to Section 5.

(c) Removal of Parts; Replacements. The Lessee may, in the ordinary course of maintenance or repair of any Item of Equipment, remove any Part, and unless

the removal of such Part is required by this Section 8 or Section 7, the Lessee shall replace such Part as promptly as possible by another Part that is free and clear of all Liens (other than Permitted Liens) and subject to the Lien of the Indenture and in as good operating condition as, and with a value, utility and useful life at least equal to, the Part being replaced. Any Part removed from such Item of Equipment as provided in the preceding sentence shall remain the property of the Lessor free and clear of all rights of the Lessee until replaced in accordance with the terms of said sentence, but shall then, without further act, become the property of the Lessee. Any such replacement Part shall, without further act, become the property of the Lessor and be deemed part of such Item of Equipment for all purposes hereof, subject to the Lien of the Indenture. Notwithstanding anything to the contrary contained herein, Lessee shall at all times own and be entitled to remove, at Lessee's cost and expense, any Severable Improvement consisting of proprietary or communications equipment from any Item of Equipment prior to the return of such Item of Equipment; provided that if Lessee removes any such equipment that is (i) an Improvement required in order to comply with Section 7(d) and (ii) of a type which would not customarily be provided by a user of such Item of Equipment, Lessee shall replace such proprietary or communications equipment with comparable, non-proprietary equipment.

Section 9. Early Termination of Lease and Sale of Items of Equipment.

(a) Lessee's Right of Voluntary Termination. Lessee shall have the right at its option on a Termination Date (which Termination Date shall be not less than 90 and not more than 120 days following the date of delivery by Lessee to Lessor and the Indenture Trustee of a notice specifying such Termination Date) to terminate the Lease and purchase all (but not less than all) of the Items of Equipment. Such Termination Date may be on or at any time after the sixth anniversary of the Delivery Date.

(b) Lessee's Right of Termination for Cause. Lessee shall have the right at its option to terminate this Lease, upon not less than two nor more than 10 Business Days' notice to Lessor and the Indenture Trustee specifying a proposed Termination Date, at any time after (i) United States Taxes which are indemnified against by Lessee pursuant to Section 11(b) or (in the case of Taxes imposed pursuant to Section 887 of the Code or Taxes imposed by the Cayman Islands) Section 11(a) of the Equity Participation Agreement, are or, in the opinion of nationally recognized tax counsel to Lessee, a copy of which shall be provided to Lessor, would be imposed or assessed on or with respect to, or required to be deducted or withheld from, any payment of Rent to be made by Lessee or any other Person pursuant to this Lease or any other Operative Document, or (ii) Indemnified Taxes (as defined in Section 10 of the Debt Participation Agreement) which are indemnified against by Lessee pursuant to Section 10(a)(ii) of the Debt Participation Agreement, are imposed, withheld, levied or assessed by any government or taxing authority of or in Japan, the Cayman Islands or the United States.

(c) Illegality. Either party hereto shall have the right, upon not less than two nor more than 10 Business Days' notice to the other party and the Indenture Trustee specifying a Termination Date, to terminate this Lease at any time if, (i) it shall become unlawful under the laws of any jurisdiction for either party to participate, or continue to participate, in the transactions contemplated by this Lease and the other Operative Documents or to perform any material obligations hereunder or thereunder, (ii) the illegality has a material adverse effect upon the party giving such notice and (iii) such party shall have furnished to the other party, prior to or concurrently with the giving of such notice, an opinion of counsel describing those actions, obligations or provisions the performance of or compliance with which is unlawful and an Officer's Certificate of the party giving such notice to the effect that no reasonable course of action is available to such party which would render the performance of such actions or obligations or the compliance with such provisions lawful under the laws of such jurisdiction, provided that (m) neither party shall have the right so to terminate this Lease if the party or parties to whom such performance or compliance is due has waived such performance or compliance, and (n) it shall be deemed a reasonable course of action to render such performance or compliance lawful if such course of action would be reasonable but for the cost of such course of action and such party is indemnified against such cost.

(d) Other Terminations.

(i) Lessee shall have the right to terminate this Lease upon notice to Lessor and the Indenture Trustee at any time after the occurrence of a Lessor's Event of Default as defined in Section 22(b) and the Termination Date shall be the Business Day occurring on or next succeeding the date Lessee gives notice of such termination.

(ii) This Lease shall terminate automatically (unless a Discharge and Conversion is effected in accordance with Section 9(e) hereof) if at any time the Indenture Trustee accelerates payment of the Equipment Certificates pursuant to the provisions of Section 4.02 of the Indenture. For the purposes of this Section 9(d)(ii), the Termination Date shall be the date on which the Equipment Certificates become payable following the exercise by the Indenture Trustee of its right to accelerate payment thereof.

(iii) Lessor shall have the right at its option to terminate this Lease at any time, upon not less than 10 Business Days' notice to Lessee and the Indenture Trustee specifying a Termination Date and the amount of the Tax referred to below, if as a result of a Change in Law a consumption tax based on the consumption of goods and services, or a sale, use, value-added or similar tax is, or in the opinion of nationally recognized tax counsel to Lessor, a copy of which shall be provided to Lessee, would be, imposed with respect to amounts receivable by Lessor hereunder or

Conversion shall be effected in accordance with the provisions of such Section 2.11, pursuant to which, among other things, the Lessor will transfer to the Indenture Trustee all of its right, title and interest in and to the Items of Equipment and the Lease (other than any claims or rights reserved under the Assignment of Lessor's Interest in Lease and Supplemental Indenture), and the Lessor shall be released and discharged from all obligations which the Lessor may then have under the Equipment Certificates and, in the event the Lease has been terminated in accordance with Section 9(d)(ii), such termination shall be automatically rescinded. If the conditions to Discharge and Conversion are not satisfied on or before the 15th Business Day succeeding the Termination Date, Lessee may, at its option, acquire all (but not less than all) of the Items of Equipment by, as the purchase price for the Items of Equipment, (A) paying to Lessor on or before the 15th Business Day succeeding the Termination Date, Basic Termination Payments for such Items of Equipment applicable to such event of termination, computed as provided in Schedule B with reference to the Termination Date, and (B) in addition, paying to Lessor on the Termination Date the Special Termination Payments for such Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column A of Schedule D and in an amount calculated in accordance with Schedule D.

(iii) In the event of an occurrence which would result in a termination pursuant to Section 9(d)(ii) (as a result of the occurrence of an Indenture Event of Default which would not also constitute either a Lessor's Event of Default or a Lease Event of Default hereunder, and which does not result from the breach by Lessee of any of its obligations under any of the Operative Documents), or 9(d)(iii), if the conditions described in Section 2.11 of the Indenture are satisfied (including that the Lessor shall have received payment from or on behalf of the Indenture Trustee of the amounts described in clause (B) below), a Discharge and Conversion shall be effected in accordance with the provisions of such Section 2.11, pursuant to which, among other things, the Lessor will transfer to the Indenture Trustee all of its right, title and interest in and to the Items of Equipment and the Lease (other than any claims or rights reserved under the Assignment of Lessor's Interest in Lease and Supplemental Indenture), and the Lessor shall be released and discharged from all obligations which the Lessor may then have under the Equipment Certificates. If the conditions to Discharge and Conversion are not satisfied on or before the 15th Business Day succeeding the Termination Date, Lessee may, at its option, acquire all (but not less than all) of the Items of Equipment by, as the purchase price for the Items of Equipment, (A) paying to Lessor on or before the 15th Business Day succeeding the

Termination Date, the Basic Termination Payments for such Items of Equipment applicable to such event of termination, computed as provided in Schedule B with reference to such Termination Date, and (B) in addition, paying to Lessor on the Termination Date the Special Termination Payments for the Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column B of Schedule D and in an amount calculated in accordance with Schedule D.

(iv) In the event of an occurrence which would result in a termination pursuant to Section 9(b)(ii) (where the Indemnified Taxes are imposed, withheld, levied or assessed by any government or taxing authority in Japan), 9(c) (where the illegality arises under the laws of Japan), 9(d)(i), 9(d)(ii) (as a result of the occurrence of an Indenture Event of Default which would also constitute a Lessor's Event of Default hereunder and which does not result from the breach by Lessee of any of its obligations under any of the Operative Documents), 9(d)(iv) or 9(d)(v), if the conditions described in Section 2.11 of the Indenture are satisfied (including that the Lessor shall have received payment from or on behalf of the Indenture Trustee of the amounts described in clause (B) below), a Discharge and Conversion shall be effected in accordance with the provisions of such Section 2.11, pursuant to which, among other things, the Lessor will transfer to the Indenture Trustee all of its right, title and interest in and to the Items of Equipment and the Lease (other than any claims or rights reserved under the Assignment of Lessor's Interest in Lease and Supplemental Indenture), and the Lessor shall be released and discharged from all obligations which the Lessor may then have under the Equipment Certificates. If the conditions to Discharge and Conversion are not satisfied on or before the 15th Business Day succeeding the Termination Date, Lessee may, at its option, acquire all (but not less than all) of the Items of Equipment by, as the purchase price for the Items of Equipment, (A) paying to Lessor on or before the 15th Business Day succeeding the Termination Date, the Basic Termination Payments for the Items of Equipment applicable to such event of termination, computed as provided in Schedule B with reference to such Termination Date, and (B) in addition, paying to Lessor on the Termination Date the Special Termination Payments for the Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column C of Schedule D and in an amount calculated in accordance with Schedule D.

(v) In the event Lessee elects to exercise its option to purchase the Items of Equipment pursuant to subparagraph (i), (ii), (iii) or (iv) of this Section 9(e), then upon payment of the Basic Termination Payments,

payment of the Special Termination Payments computed in the manner set forth in Section 9(e)(i), 9(e)(ii)(B), 9(e)(iii)(B) or 9(e)(iv)(B), as the case may be, and payment of all other amounts of Supplemental Rent then due and Basic Rent which shall have become due prior to the Termination Date and which remains unpaid, Lessor shall without recourse or warranty (except as to the absence of Lessor's Liens and the discharge of the Lien of the Indenture) and without further act, be deemed to have transferred to Lessee as of the Termination Date all of Lessor's right, title and interest in and to all of the Items of Equipment in as-is, where-is condition and shall at Lessee's expense execute and deliver to Lessee such bills of sale and other documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to such Items of Equipment in Lessee, free and clear of all right, title and interest of Lessor or any Affiliate thereof and Lessor's Liens (it being understood that the Indenture Trustee has agreed pursuant to Section 13.01 of the Indenture to release the Lien of the Indenture when the Secured Obligations have been paid). In the event Lessee does not either exercise such option or make the payments referred to above (or a Discharge and Conversion is not effected in accordance with Section 2.11 of the Indenture) on or prior to the 15th Business Day succeeding the Termination Date, the provisions of Section 19 regarding sale of the Items of Equipment, payments of Basic Termination Payments and payments of Special Termination Payments, application of proceeds and the payment of any deficiency or surplus, as the case may be, shall be applied mutatis mutandis; provided, that for this purpose the terms "Purchase Price" and "Deficiency Payment" shall mean and refer to the amounts set forth in subparagraph (i), (ii), (iii) or (iv) of this Section 9(e) (whichever shall be applicable), references to the term "Lease Expiry Date" shall mean and refer to the applicable Termination Date and references to Schedule E shall be modified accordingly.

(vi) In the event of an occurrence which would result in a termination pursuant to Section 9(b), (c) or (d) hereof, if (A) a Discharge and Conversion is not effected in accordance with Section 2.11 of the Indenture, (B) the failure to do so is attributable solely to the Lessor's failure to execute and deliver the Assignment of Lessor's Interest in Lease and Supplemental Indenture referred to in clause (b)(ii)(x) of such Section 2.11, or to deliver the Opinion of Counsel to Lessor or the Certificate of Lessor described in clause (b)(iii) of such Section 2.11 and (C) Lessor is not excused from participating in such Discharge and Conversion pursuant to Section 2.11(e) of the Indenture, then Lessee shall have the right to deduct from the Special Termination Payments applicable to the particular event of termination an amount equal to the aggregate of (x) the Make-Whole Amount, if any, due in connection with the prepayment of the

Equipment Certificates as a result of the failure to effect the Discharge and Conversion, and (y) the present value of any cost or expense (including reasonable legal fees and disbursements) incurred by Lessee in obtaining a new loan the proceeds of which are used to satisfy Lessee's obligations for the payment of the Basic Termination Payments, Special Termination Payments and other amounts due from Lessee hereunder in connection with such event of termination.

(f) Termination of Lease. The obligation of Lessee to pay Basic Rent shall cease for any Lease Period ending on each Lease Period Date occurring subsequent to the Termination Date determined in accordance with this Section 9 (unless such termination occurs on a Lease Period Date, in which case the Basic Rent for the Lease Period ending on such Lease Period Date is included in the computation of Basic Termination Payments and Special Termination Payments payable pursuant to this Section 9 and accordingly the obligation of Lessee to pay Basic Rent shall cease for the Lease Period ending on such Lease Period Date and for all subsequent Lease Periods). The Term shall end effective as of such Termination Date.

Section 10. Loss, Destruction, Requisition, etc.

(a) Event of Loss.

(i) Replacement of Items of Equipment. Not later than 60 days prior to each Rent Payment Date, Lessee shall give Lessor written notice (herein a "Loss Notice") of each Event of Loss with respect to each Item of Equipment of which a Responsible Officer of Lessee shall then have actual knowledge and in respect of which neither a Replacement Item of Equipment nor Casualty Value Termination Payment and Special Termination Payment shall have theretofore been provided and shall, subject to the provisions of Section 10(a)(ii) and provided that no Event of Default has occurred and is continuing, compensate Lessor on such Rent Payment Date in respect of such Event of Loss by furnishing Lessor with a Replacement Item of Equipment, to be leased hereunder, in the manner and subject to the conditions set forth in this Section 10(a)(i):

(w) As promptly as practicable after delivery of the Loss Notice, and in any event on or before the 10th day following the date of delivery of the Loss Notice (such date of delivery of the Loss Notice being herein referred to as the "Loss Notice Date"), Lessee shall designate in its sole discretion a proposed Replacement Item of Equipment and shall deliver to Lessor all information regarding such proposed Replacement Item of Equipment as Lessor may reasonably request for the purpose of making the calculations referred to in clause (x) of this Section 10(a)(i).

(x) As promptly as practicable after Lessee shall have notified Lessor of the proposed Replacement Item of Equipment (and in any event within 25 days after such notice), Lessor shall (A) obtain, at Lessee's expense, an opinion from Lessor's independent tax advisor as to the Japanese tax consequences to Lessor resulting from the proposed replacement of the Item of Equipment and the leasing of the Replacement Item of Equipment by Lessor to Lessee pursuant to the terms hereof, (B) calculate the semi-annual amounts required to be paid by Lessee to Lessor or by Lessor to Lessee, as the case may be, in order to preserve Lessor's after-tax rate of return, using the information supplied by Lessee pursuant to clause (w) above and such opinion of Lessor's independent tax advisor and based on the same assumptions as Lessor used in evaluating its investment in the Item of Equipment on the Delivery Date (but including the assumption of no reinvestment by any Kumiai-in), and assuming that Lessor (and each Kumiai-in, if necessary or appropriate) has taken all available steps to defer any income or gain resulting from the replacement and to claim the Japanese tax benefits attributable to the Replacement Item of Equipment on a basis which provides Lessee with the best economic results, (C) calculate the lump sum amount which, if paid by Lessee to Lessor or by Lessor to Lessee on the date Lessee proposes to furnish the proposed Replacement Item of Equipment to Lessor, would maintain Lessor's anticipated after-tax yield (using the same information and assumptions described in subclause (B) of this Section 10(a)(i)(x)), (D) recompute the Special Termination Payments with respect to the Replacement Item of Equipment using the same methodology that was used in calculating the original Special Termination Payments so that (I) in the case of the Special Termination Payments calculated by reference to Column A of Schedule D, Lessor's anticipated after-tax yield is preserved and, to the greatest extent possible consistent with the foregoing, the economic losses that could be suffered by Lessee from the transactions contemplated by the Operative Documents upon a termination of the Lease of such Replacement Item of Equipment pursuant to Section 9, 10 or 15 are limited, (II) in the case of the Special Termination Payments calculated by reference to Column B of Schedule D, no amount set forth in such Column B exceeds the corresponding amount calculated by reference to Column A of Schedule D and (III) in the case of the Special Termination Payments calculated by reference to Column C of Schedule D, no amount set forth in such Column C exceeds the corresponding amount calculated by reference to Column B of Schedule D and (E) deliver to Lessee a certificate signed by an officer of Lessor setting

forth such calculations and recomputations and the basis therefor in reasonable detail and setting forth the amounts computed pursuant to subclauses (B) and (C) above and stating whether such amounts are payable by Lessor to Lessee or by Lessee to Lessor.

(y) If the certificate delivered by Lessor pursuant to clause (x)(E) above shows a net amount computed pursuant to subclause (C) above payable by Lessee to Lessor, Lessee shall, on the date Lessee furnishes the Replacement Item of Equipment to Lessor pursuant to clause (z) below, pay to Lessor such amount, or if such certificate shows a net amount computed pursuant to subclause (C) above payable by Lessor to Lessee, Lessor shall, upon the replacement of the Item of Equipment, if any, as contemplated by this clause (y), pay to Lessee on each date on which Basic Rent, Basic Termination Payments, Casualty Value Termination Payments, Special Termination Payments or amounts payable under Section 19 are payable in Yen, an amount in Yen equal to the lesser of (A) the amount then payable to Lessor in Yen and (B) the amount which would maintain Lessor's after-tax yield (as computed pursuant to subclause (C) of clause (x) above), but assuming the lump sum payment referred to therein is made by Lessor to Lessee on the date(s) on which such Yen payments are made to Lessor).

(z) On the applicable Rent Payment Date, Lessee shall, unless it has notified Lessor pursuant to Section 10(a)(ii) of Lessee's determination not to replace any individual Item of Equipment, convey or cause to be conveyed to Lessor, and Lessor shall lease to Lessee hereunder, the proposed Replacement Item of Equipment, free and clear of all Liens other than Permitted Liens and subject to the Lien of the Indenture and having a value, utility, performance and durability at least equal to, and in as good operating condition as, the value, utility, performance, durability and operating condition that the Item of Equipment so replaced would have had or have been in had such Item of Equipment been in the condition and repair required by the terms of this Lease and shall, in connection with such replacement:

(A) furnish Lessor with a warranty bill or bills of sale conveying to Lessor the Replacement Item of Equipment, free of Liens other than Permitted Liens;

(B) cause a Lease Supplement substantially in the form of Exhibit A hereto, evidencing the lease of the Replacement Item of Equipment and incorporating by

reference all the terms and provisions of this Lease, duly executed by Lessee, to be delivered to Lessor for execution, and request that Lessor deliver to the Indenture Trustee, for execution pursuant to Section 5.07 of the Indenture, a supplement to the Indenture that has been duly executed by Lessor and Lessee (and Lessor and Lessee shall promptly execute such Lease Supplement and Indenture supplement) and, upon execution by Lessor, Lessee, and the Indenture Trustee, respectively, cause such Lease Supplement and such Indenture supplement to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303;

(C) furnish Lessor and the Indenture Trustee with an opinion of counsel, reasonably satisfactory in form and substance to Lessor and the Indenture Trustee, to the effect that title to the Replacement Item of Equipment has been conveyed to Lessor, free and clear of all Liens other than Permitted Liens;

(D) furnish Lessor and the Indenture Trustee with a certificate signed by a duly authorized officer or executive of Lessee certifying that, upon consummation of such replacement, no Event of Default or Potential Event of Default will exist hereunder;

(E) furnish Lessor and the Indenture Trustee with a certificate of an appraiser or an engineer (who may be an employee of Lessee) certifying that the Replacement Item of Equipment has a value, utility, performance and durability at least equal to, and is in as good operating condition as, the value, utility, performance, durability and operating condition that the Item of Equipment so replaced would have had or have been in had such Item of Equipment been in the condition and repair required by the terms of this Lease immediately prior to the occurrence of such Event of Loss;

(F) cause to be delivered to Lessor and the Indenture Trustee an opinion of counsel, reasonably satisfactory in form and substance to Lessor and the Indenture Trustee, as to due filing of the Lease Supplement and the supplement to the Indenture; and

(G) take such other actions and furnish such other certificates and documents as Lessor and the Indenture

Trustee may reasonably require in order to assure that the Replacement Item of Equipment is duly and properly conveyed to Lessor, subjected to the Lien of the Indenture, and leased to Lessee to the same extent as the Item of Equipment replaced thereby.

Upon the delivery of the bill or bills of sale covering the Replacement Item of Equipment to Lessor, (1) the lease hereunder of the replaced Item of Equipment shall cease, (2) Lessor shall, without recourse or warranty (except as to the absence of Lessor's Liens and the discharge of the Lien of the Indenture) and without further act, be deemed to have transferred to Lessee all of Lessor's right, title and interest in and to the replaced Item of Equipment, and shall, at Lessee's expense, execute and deliver such bills of sale and other documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to such replaced Item of Equipment in Lessee, all in as-is where-is condition, free and clear of all right, title and interest of Lessor, or any Affiliate thereof and Lessor's Liens (it being understood that the Indenture Trustee has agreed pursuant to Section 13.01 of the Indenture to release the Lien of the Indenture with respect to an Item of Equipment replaced in accordance with Section 10), and (3) any insurance proceeds less any amounts payable to Lessor pursuant to clause (y) of this Section 10(a)(i), pursuant to a certificate timely given pursuant to clause (x) of this Section 10(a)(i), above, remaining unpaid shall be paid over to or retained by Lessee, and (4) Lessor shall assign to Lessee all claims against third Persons for damage relating to such replaced Item of Equipment arising from the Event of Loss. During the period between the occurrence of the Event of Loss and the date of the replacement of the Item of Equipment pursuant to clause (z) of this Section 10(a)(i), the obligation of Lessee to pay Rent pursuant to Section 3 shall continue unchanged, except that upon such replacement, it shall become an obligation of Lessee to pay such Rent in respect of the Replacement Item of Equipment. For all purposes hereof, upon delivery of such Lease Supplement and bill or bills of sale covering the Replacement Item of Equipment to Lessor, such Replacement Item of Equipment, if any, shall be leased hereunder, and the Replacement Item of Equipment shall be an Item of Equipment as defined herein.

(ii) Lessee's Purchase Option; Termination of Lease. Notwithstanding the provisions of Section 10(a)(i), if Lessee shall at any time prior to full compliance with Section 10(a)(i) notify Lessor that Lessee will not replace an Item of Equipment under this Lease as provided herein, or if such replacement shall not have been effected by the applicable Rent Payment Date, Lessee shall, as compensation for such

Event of Loss, (x) pay to Lessor, on such Rent Payment Date, which date shall be the Termination Date for purposes of this Section 10, the Casualty Value Termination Payment for such Item of Equipment computed as provided in Schedule C with reference to such Termination Date plus an amount equal to the interest to accrue, between such Rent Payment Date and the Prepayment Date, on the principal amount to be paid under this clause (x), (y) pay to Lessor, on or before such Termination Date, the Special Termination Payment computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column A of Schedule D and in an amount calculated in accordance with Schedule D and (z) pay to Lessor upon demand an amount in Yen sufficient to preserve Lessor's after-tax yield by compensating Lessor for the actual loss or deferral of depreciation benefit with respect to such Item of Equipment for the period from the date of the Event of Loss to the date such Special Termination Payment is made, such amount to be calculated from the date such depreciation would have resulted in a tax benefit to Lessor to the date such Special Termination Payment is made, using the same assumptions (other than depreciation) and methodology (including assumptions with respect to Japanese Taxes) used by Lessor in evaluating its investment in such Item of Equipment on the Delivery Date. The obligation of Lessee to pay Basic Rent hereunder with respect to such Item of Equipment on any Lease Period Date occurring on or subsequent to such Termination Date shall terminate.

Upon payment of such Casualty Value Termination Payment and such Special Termination Payment for each such Item of Equipment, (1) the Term with respect to such Item of Equipment shall end, (2) Lessor shall without recourse or warranty (except as to the absence of Lessor's Liens and the discharge of the Lien of the Indenture) and without further act, be deemed to have transferred to Lessee all of Lessor's right, title and interest in and to such Item of Equipment with respect to which such Event of Loss occurred, in as-is where-is condition, and shall, at Lessee's expense, execute and deliver such bills of sale and other documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to such Item of Equipment in Lessee, free and clear of all right, title and interest of Lessor, or any Affiliate thereof and Lessor's Liens (it being understood that the Indenture Trustee has agreed pursuant to Section 13.01 of the Indenture to release the Lien of the Indenture with respect to an Item of Equipment when amounts required to be paid pursuant to Section 2.10 of the Indenture with respect to such Item of Equipment have been paid), (3) any insurance proceeds shall be paid over to or retained by Lessee and (4) Lessor shall assign to Lessee all claims against third Persons for damage relating to such Item of Equipment arising from the Event of Loss.

(b) Application of Payments from Governmental Authorities for Requisition of Title or Use. Any payments (other than insurance proceeds) received at any time by Lessor or by Lessee from any governmental authority or other Person with respect to an Event of Loss resulting from the condemnation, confiscation, or seizure of, or requisition of title to or use of, an Item of Equipment by the Government will be applied as follows:

(i) if such payments are received with respect to an Item of Equipment that has been or is being replaced by Lessee pursuant to Section 10(a), such payments shall be paid over to, or retained by, Lessee; and

(ii) if such payments are received with respect to an Item of Equipment that has not been and will not be replaced pursuant to Section 10(a) and Lessee shall have paid the Casualty Value Termination Payment, so much of such payment as shall not exceed the Special Termination Payment required to be paid by Lessee pursuant to Section 10(a) shall be applied to pay to Lessor such Special Termination Payment if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment thereof and the balance, if any, of such payment remaining thereafter will be paid over to, or retained by, Lessee.

(c) Requisition for Use by the Government of an Item of Equipment. In the event of the requisition for use during the Term by the Government of an Item of Equipment, Lessee shall promptly notify Lessor and the Indenture Trustee of such requisition and until such requisition becomes an Event of Loss all of Lessee's obligations under this Lease with respect to such Item of Equipment shall (to the extent feasible with respect to obligations other than payment obligations) continue to the same extent as if such requisition had not occurred; provided, that if such Item of Equipment is not returned by the Government prior to the end of the Term, Lessee shall be obligated to return such Item of Equipment to Lessor pursuant to, and in all other respects to comply with the provisions of, Section 5 promptly upon its return by the Government unless Lessee shall have purchased such Item of Equipment at the end of the Term. Subject to Section 10(d) all payments received by Lessor or Lessee from such governmental authority for the use of such Item of Equipment prior to the time such requisition becomes an Event of Loss shall be paid over to, or retained by, Lessee.

(d) Application of Payments During Existence of Event of Default. Any amount referred to in Section 10(b) or Section 10(c) which is payable to Lessee shall not be paid to Lessee, or, if it has been previously paid directly to Lessee, shall not be retained by Lessee, if at the time of such payment an Event of Default, or a Potential Event of Default respecting any of the events described in Section 14(a),(b),(g),(h) or (i), shall have occurred and be continuing, but shall be paid to and held by Lessor as security for the obligations of Lessee under this Lease, and at such time as there shall not be

continuing any such Event of Default or Potential Event of Default, such amount shall be paid to Lessee.

Section 11. Insurance. (a) The Lessee shall at all times after the Delivery Date, at its own expense, carry and maintain or cause to be carried and maintained (i) property insurance with respect to each Item of Equipment subject to this Lease and (ii) public liability insurance with respect to third party personal and property damage, in each case with such deductibles, in such amounts, against such risks, with such insurance companies of recognized responsibility and subject to such self-insurance, in each case as is consistent with Class I Railroad industry practice, and in any event, in amounts not less than and against such risks so as to be no less protective than the insurance, if any, maintained by the Lessee with respect to similar locomotives owned or leased by the Lessee.

(b) The proceeds of any insurance for damage to any Item of Equipment not constituting an Event of Loss shall be applied in payment for the repair of such damage to the extent required to maintain such Item of Equipment in accordance with Section 7, if such repair shall not have already been paid for by the Lessee, or, if already paid by the Lessee, to reimburse the Lessee for its payment of such repair and any balance remaining after compliance with said Section 7 shall be paid over to, or retained by, the Lessee.

(c) The Lessee agrees that it will not do any act or voluntarily suffer or permit any act to be done whereby any insurance required to be maintained hereunder shall or may be suspended or impaired and will not suffer or permit any Item of Equipment to be used in a manner not permitted under the insurance policies, if any, maintained hereunder without first covering or self-insuring such Item of Equipment for such use.

(d) The Lessor or the Indenture Trustee may at its own expense provide insurance on or with respect to the Items of Equipment or the operation thereof unless such insurance would conflict with or otherwise limit any insurance maintained by the Lessee (whether or not pursuant to this Section 11); provided, however, that any insurance so maintained by the Lessor or the Indenture Trustee shall provide by its terms that the insurer shall have no rights of subrogation against the Lessee with respect to claims thereunder.

(e) The Lessee will arrange to be delivered to the Lessor and the Indenture Trustee a certificate signed by the insurer or an independent insurance broker showing the insurance then maintained, if any, with respect to the Items of Equipment prior to the Delivery Date. The Lessor may, but not more than once in any twelve month period, request from the Lessee and the Lessee shall promptly thereafter furnish to the Lessor and the Indenture Trustee, an Officer's Certificate setting forth all insurance maintained by the Lessee pursuant to this Section 11 and describing such

policies, if any, including the amounts of coverage, any deductible amounts, the names of the insurance providers and a general description of each such policy's terms.

Section 12. Inspection. At all reasonable times during the Term applicable to an Item of Equipment, including any applicable storage period provided in Section 5, upon not less than five Business Days' notice to Lessee, Lessor or any of its authorized representatives may at the expense and risk of Lessor inspect such Item of Equipment and the books and records of Lessee relating thereto at the location on Lessee's premises where such Item of Equipment or such books and records are then located or at any other location at which Lessee or its authorized representatives have access to such Item of Equipment or any books and records relating thereto. Upon the prior written request of Lessor, Lessee shall advise Lessor promptly in writing of the location of any Item of Equipment or books and records relating thereto. No inspection pursuant to this Section 12 shall materially interfere with the safe use, operation or maintenance of any such Item of Equipment or the normal conduct of Lessee's business, Lessee shall not incur any liability during any such inspection, and Lessor shall hold Lessee harmless from any claims resulting from property damage, injury, loss or death caused by or sustained by Lessor's representatives or third parties during any such inspection, except to the extent that any such property damage, injury, loss or death occurs as a direct result of Lessee's negligence or willful misconduct. The Lessor shall have no duty to make any such inspection and shall incur no liability or obligation by reason of not making any such inspection.

Section 13. Assignment; Merger, etc.; Registered Agreement.

(a) Assignment. Except as otherwise expressly provided in this Lease or the other Operative Documents, Lessee will not, without the prior written consent of Lessor, assign, convey or transfer any of its rights hereunder. Lessor will not, without the prior written consent of Lessee, assign or convey any of its right, title and interest in and to this Lease or any Item of Equipment except as otherwise expressly permitted or required hereby or by the other Operative Documents. In no event may Lessor assign all or any portion of its right, title and interest in and to the Items of Equipment or hereunder (i) to any person that does not assume pursuant to documentation in form and substance reasonably satisfactory to Lessee the representations, warranties and covenants and other obligations of Lessor under this Agreement, the Equity Participation Agreement and the other Operative Documents, or (ii) if such assignment would increase Lessee's obligations hereunder or under any other Operative Document beyond those which would exist in the absence of such assignment.

(b) Merger, etc. Lessee shall not consolidate with or merge into any other corporation, or convey, transfer or lease in one or more transactions all or substantially all of its assets to any Person, unless:

(i) (x) the Lessee is the surviving entity of such consolidation or merger, or (y) the corporation formed by such consolidation or into which Lessee is merged or the Person which acquires by conveyance, transfer or lease all or substantially all of the assets of Lessee (the "Successor") (A) shall be a corporation organized and existing under the laws of the United States of America or any state or the District of Columbia, (B) shall execute and deliver to Lessor an agreement, in form reasonably satisfactory to Lessor, containing an assumption by the Successor of the due and punctual performance and observance of each covenant and condition of this Lease and the other Operative Documents to be performed or observed by Lessee and an undertaking to be bound by all of the terms and provisions of this Lease and the other Operative Documents with the same effect as though named Lessee herein and therein and (C) shall make such filings and recordings as shall be necessary, desirable or otherwise required in the reasonable judgment of Lessor to evidence such consolidation, merger, conveyance, transfer or lease;

(ii) immediately after giving effect to such transaction, no Event of Default, or Potential Event of Default respecting any of the events described in Section 14(a), (b), (g), (h) or (i), shall have occurred and be continuing solely as a result of such consolidation or merger or such conveyance, transfer or lease;

(iii) in the event that Lessee is not the surviving entity of such consolidation or merger, Lessee shall have delivered to Lessor an Officer's Certificate and an opinion of counsel to the Successor, such opinion to be in form and substance satisfactory to Lessor, each stating that (A) such consolidation, merger, conveyance, transfer or lease and the assumption agreement described in clause (i) comply with such clause (i) (and, in the case of such certificate, clause (ii) of this Section 13(b) also), (B) the assumption agreement described in clause (i) above, is a legal, valid and binding obligation of the Successor enforceable against the Successor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and other similar laws and equitable principles affecting the enforcement of creditors' rights generally, and (C) all conditions precedent herein provided for relating to such transactions have been complied with; and

(iv) such consolidation, merger, conveyance, transfer or lease shall not have a material adverse affect on the benefits available to the Lessor or the Indenture Trustee pursuant to 11 U.S.C. § 1168.

Upon any consolidation or merger, or any conveyance, transfer or lease of all or substantially all of the assets of Lessee in accordance with this Section 13(b), the Successor shall succeed to, be substituted for, and may exercise every right and power of, and shall assume every obligation and liability of, Lessee under this Lease and the other Operative Documents with the same effect as if the Successor had been named as Lessee herein and therein. No such conveyance, transfer or lease of all or substantially all of the assets of Lessee shall have the effect of releasing Lessee or any Successor which shall theretofore have become such in the manner prescribed in this Section 13(b) from its liability hereunder. Nothing contained herein shall permit any lease, sublease or other arrangement for the use, operation or possession of the Items of Equipment except in compliance with the applicable provisions of this Lease.

(c) Registered Agreement. This Lease is a registered agreement. A manually signed copy of this Lease and each Lease Supplement shall be only evidence of Lessor's rights and neither the Lease nor any Lease Supplement is a bearer instrument. Lessee will keep the Lessee's Record of Ownership in which it will reflect by book entry, and reflect by book entry any transfer of, Lessor's interest in the Items of Equipment, in this Lease and in the rights to receive any payments hereunder.

No transfer by Lessor (whether or not with Lessee's consent) of any interest in the Items of Equipment, this Lease or in the rights to receive any payments hereunder shall be permitted unless a book entry of such transfer is made upon the Lessee's Record of Ownership. Lessor may transfer its interest in the Items of Equipment, this Lease and the rights to receive any payments hereunder only by written application to Lessee, stating the name of the proposed transferee and otherwise complying with the terms of the Operative Documents, and thereupon the Lessee shall reflect such transfer in the Lessee's Record of Ownership. No such transfer shall be effective until, and such transferee shall succeed to the rights of Lessor only upon, acceptance and entry by Lessee into the Lessee's Record of Ownership of the transfer.

Prior to the entry by Lessee into the Lessee's Record of Ownership of any transfer by Lessor (or any successor to Lessor) as provided in the immediately preceding paragraph, Lessee shall deem and treat the owner of this Lease, or any portion hereof, reflected in the Lessee's Record of Ownership as the owner hereof or thereof, as the case may be, for all purposes.

Lessee acknowledges that the rights of Lessor to receive certain payments hereunder have been pledged to the Indenture Trustee for the ratable benefit of the holders of the Equipment Certificates and that Lessor has granted to the Indenture Trustee for the ratable benefit of the holders of the Equipment Certificates a lien on and security interest in the Items of Equipment and an assignment of certain of Lessor's rights under the Lease pursuant to the Indenture (and such acknowledgment constitutes final acceptance of such pledge, lien, security interest and assignment). Lessee

acknowledges that it has made an entry of such pledge, lien, security interest and assignment in the Lessee's Record of Ownership.

Section 14. Events of Default. The following events shall constitute Events of Default (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) and each such Event of Default shall be deemed to exist and continue so long as, but only so long as, it shall not have been waived or remedied:

(a) Lessee shall fail to make any payment of Basic Rent, Basic Termination Payments, Casualty Value Termination Payments or Purchase Price, Deficiency Payments or other amounts referred to in Section 19 (other than Supplemental Rent) within 5 Business Days after written notice (which may be given by telefax or other facsimile transmission) to Lessee that the same shall have become due; or

(b) (i) Lessee shall fail to make payment of Special Termination Payments or other payments of Supplemental Rent (including, without limitation, indemnity payments) hereunder or under the Equity Participation Agreement (other than those described in subsection (a) above) at the times required to be paid hereunder or thereunder, as the case may be, and such failure shall continue unremedied for a period of 15 days after Lessee shall have received written notice of such failure from Lessor or (ii) Lessee shall fail to make any payments required to be paid to the Indenture Trustee or any other Person under the Debt Participation Agreement or the Trust Indenture, and such failure shall continue unremedied for a period of 15 days after Lessee shall have received written notice of such failure from the Indenture Trustee; or

(c) any public liability insurance policy required by Section 11 shall terminate or lapse and the failure to maintain such policy shall be continuing on the 10th day after such termination or lapse; or

(d) Lessee shall fail to return all Items of Equipment in accordance with the provisions of Section 5 when required by the terms hereof to do so, and such failure shall continue for 30 days after written notice thereof by Lessor or the Indenture Trustee; or

(e) Lessee shall fail to perform or observe any other material covenant, condition or agreement to be performed or observed by it hereunder or under the Equity Participation Agreement, the Debt Participation Agreement, or the Indenture and such failure shall continue

unremedied for a period of 30 days after Lessee shall have received written notice thereof from Lessor or the Indenture Trustee; provided, however, that (in the case of a cure that cannot be effected by the payment of money), if (i) such failure is of a nature that it cannot be cured within such 30-day period, but is capable of being cured, (ii) Lessee is making diligent efforts to cure such failure, and (iii) no Potential Event of Default respecting any of the events described in Section 14(g), (h) or (i) shall have occurred and be continuing, then such failure shall not constitute an Event of Default until such failure has continued beyond 15 months, in the case of a failure with respect to Lessee's obligations set forth in Section 7(a), or 180 days, in all other cases, after Lessee shall have received the aforesaid written notice from Lessor or the Indenture Trustee; or

(f) any material representation or warranty made in writing by or on behalf of Lessee in this Lease or in the Equity Participation Agreement, the Debt Participation Agreement, or the Indenture or in any document or certificate furnished by Lessee in connection herewith or therewith shall prove to have been false or incorrect in any material adverse respect on the date as of which made and remains material and adverse as of the date Lessor or the Indenture Trustee gives Lessee notice of such Event of Default; or

(g) Lessee shall consent to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property or Lessee shall admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors; or

(h) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. § 1168 or any successor provision, as the same may hereafter be amended; or

(i) any other proceeding shall be commenced by or against Lessee for any relief which includes, or might result in, any modification of the

obligations of Lessee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions, or extensions (other than a law which does not permit any readjustments of such obligations), and, unless such proceeding shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for Lessee or for the property of Lessee in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceeding shall have been commenced.

Section 15. Remedies. (a) Upon the occurrence of an Event of Default and at any time thereafter so long as the same shall be continuing, Lessor may, at its option, declare this Lease to be in default and, in such event, the following provisions of this Section 15 shall apply:

(i) At the request of Lessor, Lessee shall promptly deliver to Lessor or its order all or such part of such Items of Equipment as Lessor may request in the manner and condition required by, and otherwise in accordance with all the provisions of, Section 5 as if such Items of Equipment were being returned at the end of the Term, or Lessor, at its option, may repossess all or any of such Items of Equipment; provided, that Lessor shall notify Lessee of Lessor's intent to repossess such Item or Items of Equipment, and further provided, that Lessee shall cooperate fully with Lessor in Lessor's exercise of its rights to repossess such Item or Items of Equipment;

(ii) If Lessee does not exercise the option set forth in Section 15(b), Lessor shall sell all or any Items of Equipment at public or private sale (upon not less than 15 days' notice to Lessee), in one or more transactions, as Lessor may determine, free and clear of any rights of Lessee. Lessee shall deliver any Items of Equipment so sold to the purchasers of such Items of Equipment designated in Lessor's notice referred to in the preceding sentence, or, in the event of a public sale, to the purchasers of such Items of Equipment designated in a notice delivered to Lessee subsequent to such sale, in the manner and condition required by, and otherwise in accordance with all the provisions of, Section 5 as if such Items of Equipment were being returned at the end of the Term. The proceeds of such sale shall be applied to pay Lessor an amount equal to

the sum of (i) the Selling Costs, (ii) any Basic Rent which shall have become due and which remains unpaid, (iii) to the extent not previously paid, the Basic Termination Payments and, to the extent not previously paid, the Special Termination Payments, for the Items of Equipment, in each case calculated through the date of payment, and (iv) all other amounts of Supplemental Rent then due and owing to Lessor from Lessee, and the remainder shall be paid to Lessee. If after such application Lessor shall not have received the full amount of any Basic Rent then due and unpaid and the Basic Termination Payments required by the immediately preceding sentence and Lessor shall not have received the full amount of the Special Termination Payments required by the immediately preceding sentence and the amounts referred to in clauses (i) and (iv) of the immediately preceding sentence, Lessee shall pay upon demand any deficiency to Lessor. Upon the transfer by Lessor of its right, title and interest in and to all Items of Equipment to a third party this Lease shall terminate except for the obligation of Lessee to pay the deficiency, if any, referred to in the immediately preceding sentence, and accordingly the obligation of Lessee to pay Basic Rent shall cease for the Lease Period ending on the Lease Period Date occurring on or subsequent to the date of transfer and for all subsequent Lease Periods, and the Term shall end effective as of the date of such sale; and

(iii) Except as set forth in Section 15(b), from and after the 11th day following the declaration of a default by Lessor, the remedies referred to in this Section 15 shall not be exclusive but shall be cumulative and in addition to any other remedy available to Lessor at law or in equity, including the claim of Lessor for money damages; provided, that if in connection with the exercise by Lessor of any remedy Lessor shall sell, lease or otherwise dispose of, in any manner whatsoever, all or any portion of the Items of Equipment, Lessee shall in all events receive any proceeds remaining from such sale, lease or disposition after deduction by Lessor of the Selling Costs and receipt by Lessor of any Basic Rent then due and unpaid, the Basic Termination Payments (to the extent not previously paid), the Special Termination Payments (to the extent not previously paid) and all other amounts of Supplemental Rent then due. From and after the 11th day following the declaration of a default by Lessor, Lessee shall render such assistance to Lessor in the sale or other disposition of the Items of Equipment as Lessor shall reasonably request.

(b) Notwithstanding the provisions of Section 15(a), Lessor agrees that for a period of 10 days after the Lessor's declaration of a default, Lessor shall not exercise its remedies as set forth in Section 15(a). During such 10-day period Lessee may, at its option, purchase all (but not less than all) of the Items of Equipment from Lessor by, as the purchase price for all of the Items of Equipment, (w) paying any Basic

Rent which shall have become due prior to the Termination Date and which remains unpaid, (x) paying to Lessor the Basic Termination Payments for all of the Items of Equipment computed as provided in Schedule B with reference to the Termination Date, (y) paying the Special Termination Payments for all of the Items of Equipment computed with reference to the Monthly Dates and U.S. Dollar amounts set forth in Column A of Schedule D and in an amount calculated in accordance with Schedule D and (z) paying all other amounts of Supplemental Rent, and amounts payable by Lessee under the Debt Participation Agreement or the Indenture, then due.

(c) Upon receipt of the payments described in subsection (b) Lessor shall, without recourse or warranty (except as to the absence of Lessor's Liens and the discharge of the Lien of the Indenture) and without further act, be deemed to have transferred to Lessee all of Lessor's right, title and interest in and to all of the Items of Equipment in as-is, where-is condition and shall at Lessee's expense deliver to Lessee such bills of sale and other documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to all of the Items of Equipment in Lessee, free and clear of all right, title and interest of Lessor and the Term shall end (it being understood that the Indenture Trustee has agreed pursuant to Section 13.01 of the Indenture to release the Lien of the Indenture when the Secured Obligations have been paid).

(d) In the event Lessee does not exercise its option under subsection (b) and purchase all of the Items of Equipment within 10 days after Lessor's declaration of a default, the option shall expire but Lessee shall nevertheless pay to Lessor the Basic Termination Payments for the Items of Equipment and the Special Termination Payments for the Items of Equipment, the amount thereof to be held by Lessor for application under this Section 15.

Section 16. Further Assurance. Each of Lessor and Lessee shall duly and promptly execute and deliver to the other such further documents and assurances and take such further action as may from time to time be reasonably requested in order to carry out more effectively the intent and purpose of this Lease, to maintain, preserve and protect Lessor's interest in the Items of Equipment and to establish and protect the rights and remedies created or intended to be created in favor of Lessor or Lessee under this Lease.

Section 17. Notices. All notices, declarations, instructions, demands, requests, consents, approvals and other communications required under the terms and provisions hereof shall be in English and in writing, and may be given by airmail, telegram, cable, telex, telecopy or telefax or any other customary means of communication, and any such notice, demand, request, consent, approval or other communication shall be effective when delivered (i) if to Lessee, at 777 Main Street, Fort Worth, Texas 76102-5384, Attention: Treasurer, Telecopy/Telefax: (817) 333-7484, or at such other address as Lessee shall from time to time designate in writing to Lessor

and the Indenture Trustee, (ii) if to Lessor, c/o Babcock & Brown Inc., Hills Plaza, 2 Harrison Street, 6th Floor, San Francisco, California 94105, Attention: General Counsel, Telecopy/Telefax: (415) 267-1500, with a copy to Nomura Babcock & Brown Co., Ltd., at Dai-Ichi Edobashi Building, 1-11-1 Nihonbashi, Chuo-Ku, Tokyo 103, Japan, Attention: General Manager, Telex: J33704, Answerback: NOMBAB, Telecopy/Telefax: 011-81-3-3281-0215, or at such other address as Lessor shall from time to time designate in writing to Lessee and the Indenture Trustee, and (iii) if to the Indenture Trustee, at Rodney Square North, Wilmington, Delaware 19890, Attention: Corporate Trust Administration, Telecopy/Telefax: (302) 651-8464, or at such other address as the Indenture Trustee shall from time to time designate in writing to the Lessee and the Lessor.

Section 18. No Set-Off, Counterclaim, etc. (i) For the benefit of Lessor, and (ii) until all obligations under the Equipment Certificates have been discharged, for the benefit of the Indenture Trustee, notwithstanding anything contained herein or in any other Operative Document, Lessee agrees that Lessee's obligation to pay all Rent shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, the Indenture Trustee or any other Person for any reason whatsoever, (ii) any defect in the title, workmanship, condition, design, operation, or fitness for use of, or any damage to or loss or destruction of the Items of Equipment, or any interruption or cessation in the use or possession thereof by Lessee for any reason whatsoever, or (iii) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee or any other Person, and Lessee hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease except in accordance with the express terms hereof. Nothing contained in this Section 18 shall be construed to waive any claim which Lessee may have under any of the Operative Documents or otherwise (including, without limitation, claims that Rent payments demanded from or paid by Lessee are or were erroneous) or to limit the right of Lessee to make any such claim it may have against Lessor, the Indenture Trustee or any other Person or to pursue such claim in such manner as Lessee shall deem appropriate.

Section 19. Purchase of Items of Equipment at End of Term. Upon not less than 30 and not more than 180 days' prior written notice to Lessor, Lessee may, at its option, elect to purchase all (but not less than all) of the Items of Equipment on the Lease Expiry Date (or, if such date is not a Business Day, on the next succeeding Business Day). If such option has been exercised, on the date for purchase established pursuant to the immediately preceding sentence, (a) Lessee shall purchase all of the Items of Equipment from Lessor by paying to Lessor a purchase price in the amount set forth in Schedule E (the "Purchase Price") and (b) upon payment of the Purchase Price and any other amounts of Supplemental Rent then due, Lessor shall, without recourse or warranty (except as to the absence of Lessor's Liens and the discharge of the Lien of the Indenture) and without further act, be deemed to have transferred to Lessee all of Lessor's right, title and interest in and to all of the Items of Equipment in as-is, where-is condition and shall at Lessee's expense execute and deliver such bills of sale and other

documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to all of the Items of Equipment in Lessee, free and clear of all right, title and interest of Lessor, or any Affiliate thereof and Lessor's Liens (it being understood that the Indenture Trustee has agreed pursuant to Section 13.01 of the Indenture to release the Lien of the Indenture when the Secured Obligations have been paid). In the event that Lessee does not exercise such purchase option and purchase all of the Items of Equipment as provided in this Section 19, Lessor shall, not later than 180 days after the Lease Expiry Date, sell all of the Items of Equipment at public or private sale (upon 20 days' prior written notice of any sale to Lessee and at which sale Lessee shall be invited to participate), in one or more transactions, as Lessor may determine, free and clear of any rights of Lessee, and nevertheless Lessee shall pay on the Lease Expiry Date the amount set forth in clause (a) of Schedule E as provided in the Payment Instruction Letter, if such Letter is delivered, and otherwise into the Dollar Account, and the amount set forth in clause (b) of Schedule E into the Yen Account (collectively, the "Deficiency Payment"). Upon the sale of the Items of Equipment by Lessor, including a sale pursuant to the next sentence of this Section 19, Lessee shall pay to Lessor an amount equal to the Selling Costs and all other amounts of Supplemental Rent then due to Lessor from Lessee and unpaid and Lessor shall pay to Lessee the proceeds of such sale but only to the extent such proceeds do not exceed the Deficiency Payment. Notwithstanding the foregoing, Lessee may, at any time prior to the sale of the last Item of Equipment to be sold pursuant to the third sentence of this Section 19, exercise its option to purchase all of the Items of Equipment for the Purchase Price in the same manner, pursuant to the same procedures (other than the notice period) and with the same effect as if Lessee had exercised such option, pursuant to the first sentence of this Section 19, to purchase all of the Items of Equipment for the Purchase Price on the Lease Expiry Date, in which event Lessee shall pay on the Lease Expiry Date the amount set forth in Schedule E as provided in the third preceding sentence, and Lessee shall pay to Lessor an amount equal to the Selling Costs incurred in connection with Lessor's efforts to sell the Items of Equipment and all other amounts of Supplemental Rent then due to Lessor from Lessee and unpaid. If all of the Items of Equipment have not been sold and Lessee has not exercised its option to purchase all of the Items of Equipment pursuant to this Section 19 on or before the 180th day following the Lease Expiry Date, the provisions of this Section 19 shall continue to apply until such sale or option exercise, but Lessee shall pay Lessor on demand an amount equal to the Selling Costs incurred from time to time and all other amounts of Supplemental Rent, if any, due to Lessor from Lessee and unpaid from time to time. Upon the exercise by Lessee of its option to purchase all of the Items of Equipment pursuant to this Section 19, Lessee shall pay to Lessor all amounts of Supplemental Rent then due to Lessor from Lessee and unpaid. The respective rights and obligations of Lessor and Lessee provided for under this Section 19 shall survive the termination of this Lease.

Section 20. General Indemnification and Waiver of Certain Claims

(a) Claims Defined. "Claims" shall mean any and all liabilities, losses, damages, penalties, costs, actions or suits which may be imposed on, incurred by, suffered by, or asserted against an Indemnified Person and, except as otherwise expressly provided in this Section 20, shall include all reasonable costs, disbursements and expenses (including legal fees and expenses) of an Indemnified Person in connection therewith or related thereto.

(b) Indemnified Person Defined. "Indemnified Person" means Lessor and each Kumiai-in, and each of their respective Affiliates, shareholders, directors, officers, employees, servants, agents, successors and permitted assigns; provided, that such Persons shall, to the extent they are not signatories to this Agreement, have expressly agreed in writing to be bound by the terms of this Section 20; and provided, further, that where any Kumiai-in is an Indemnified Person hereunder, all rights of such Kumiai-in as an Indemnified Person (including, without limitation, the right to receive any indemnity payment hereunder) may be exercised by Lessor to the extent legally permissible.

(c) Claims Indemnified. Subject to the exclusions stated in subsection (d) below, Lessee agrees to indemnify, defend and hold harmless each Indemnified Person against Claims resulting from, relating to or arising out of:

(i) the operation, possession, use, non-use, maintenance, storage, improvement, replacement, overhaul or testing of any Item of Equipment or any Part thereof by Lessee, any sublessee or any other Person whatsoever, whether or not such operation, possession, use, non-use, maintenance, storage, improvement, replacement, overhaul or testing is in compliance with the terms of this Lease, including, without limitation, Claims for death, personal injury or property damage or other loss or harm to any Person whatsoever, including, without limitation, any passengers, shippers or other Persons wherever located, Claims relating to any laws, rules or regulations, including, without limitation, environmental control, noise and pollution laws, rules or regulations, and Claims relating to interruption of service, loss of business or profits or consequential damages arising out of defects or deficiencies in any Item of Equipment or the operation, use, maintenance, storage, improvement, replacement, overhaul, testing, manufacture, design, delivery, condition, repair, modification, servicing, rebuilding, performance, and fitness for use thereof;

(ii) the manufacture, design, sale, purchase, acceptance, rejection, delivery, condition, repair, modification, servicing, rebuilding, performance, non-delivery, sublease, merchantability, workmanship, fitness for use, substitution or replacement under the Lease, or other transfer of use or

possession of, any Item of Equipment or Part, including, without limitation, latent and other defects, whether or not discoverable, and patent, trademark or copyright infringement;

(iii) obligations incurred by an Indemnified Person pursuant to Section 7.01 of the Indenture; and

(iv) the Purchase Agreement and the Assignment Agreement or any action or inaction of the Lessee in connection with the Purchase Agreement and the Assignment Agreement unless such Claims are attributable to or caused by the willful misconduct or gross negligence of the Lessor.

(d) Claims Excluded. The following are excluded from Lessee's agreement to indemnify under this Section 20:

(i) any Claim attributable to (x) if an Item of Equipment is returned on the Lease Expiry Date, acts or events occurring after the expiration of the Term and the Initial Storage Period, if any, (y) if an Item of Equipment is returned at a later date pursuant to this Lease, acts or events occurring after such return and the expiration of the Initial Storage Period, if any, or (z) if an Item of Equipment is stored after the Initial Storage Period pursuant to Section 5(e), acts or events occurring with respect to such Item of Equipment during such period of storage after the Initial Storage Period;

(ii) any Claim which is a Tax or a loss of Tax benefits, whether or not Lessee is required to indemnify therefor under Section 11 of the Equity Participation Agreement;

(iii) with respect to any particular Indemnified Person, any Claim attributable to the gross negligence or willful misconduct of such Indemnified Person (other than gross negligence or willful misconduct imputed as a matter of law to such Indemnified Person solely by reason of its interest in the Items of Equipment);

(iv) with respect to any particular Indemnified Person, any Claim described in clauses (i) or (ii) of Section 20(c) which is attributable to the noncompliance with any of the terms of this Lease or any other Operative Document or any agreement relating hereto or thereto, by such Indemnified Person or if Lessor is the Indemnified Person, by Lessor or any Kumiai-in;

(v) with respect to any particular Indemnified Person, any Claim for injury or damage to the person or property of such Indemnified Person, which Claim arises out of or in connection with the negligence of such Indemnified Person while inspecting an Item of Equipment pursuant to Section 5(c) or 12;

(vi) with respect to any particular Indemnified Person, any Claim described solely in clause (iii) of Section 20(c) which is attributable to an Indenture Event of Default pursuant to Section 4.01 of the Indenture which is not related in any way to a default by Lessee hereunder or under any other Operative Document; and

(vii) any Claim relating to interruption of service, loss of business or profits, or consequential damages suffered by, or alleged to have been suffered by, an Indemnified Person; provided that, for purposes of this clause (vii), the term "profits" shall not be deemed to include or refer to any Rent or any other amounts otherwise payable to an Indemnified Person under any of the Operative Documents.

(e) Insured Claims. In the case of any Claim indemnified by Lessee hereunder which is covered by a policy of insurance maintained by Lessee pursuant to Section 11, each Indemnified Person agrees to cooperate with the insurers in the exercise of their rights to investigate, defend or compromise such Claim as may be required to retain the benefits of such insurance with respect to such Claim.

(f) Claims Procedure. An Indemnified Person shall promptly notify Lessee in writing of any Claim as to which indemnification is sought. Subject to the rights of insurers under policies of insurance maintained pursuant to Section 11, Lessee shall have the right to investigate, and the right in its sole discretion to defend or compromise, any Claim for which indemnification is sought under this Section 20, and the Indemnified Person shall cooperate with all reasonable requests of Lessee, or an insurer in connection therewith; provided, that at the time of such request no Event of Default shall have occurred and be continuing. Where Lessee or the insurers under a policy of insurance maintained by Lessee undertake the defense of an Indemnified Person with respect to a Claim, no additional legal fees or expenses of such Indemnified Person in connection with the defense of such Claim shall be indemnified hereunder unless such fees or expenses were incurred at the request of Lessee or such insurers. Subject to the requirements of any policy of insurance, an Indemnified Person may participate at its own expense in any judicial proceeding controlled by Lessee pursuant to the preceding provisions; provided, that such party's participation does not, in the opinion of the independent counsel appointed by Lessee or its insurers to conduct such proceedings, interfere with such control; and such participation shall not constitute a waiver of the indemnification provided in this Section 20. Nothing contained in this Section 20(f) shall be deemed to require an Indemnified Person to contest any Claim or to assume responsibility for or control of any judicial proceeding with respect thereto.

(g) Subrogation. To the extent that a Claim indemnified by Lessee under this Section 20 is in fact paid in full by Lessee or an insurer, or both, under a policy of insurance maintained by Lessee pursuant to Section 11, Lessee or such insurer, or both, as the case may be shall be subrogated to the rights and remedies of the Indemnified Person on whose behalf such Claim was paid with respect to the transaction

or event giving rise to such Claim. Should an Indemnified Person receive any refund, in whole or in part, with respect to any Claim paid by or on behalf of Lessee hereunder, it shall promptly pay the amount refunded (but not an amount in excess of the amount Lessee has paid in respect of such Claim) over to Lessee.

(h) Indemnification on After-Tax Basis. In the event Lessee is required to indemnify any Indemnified Person under this Section 20, Lessee shall pay to such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt of such amount under the applicable laws of any taxing jurisdiction (after giving credit for any saving in respect of any such taxes by reason of deductions, credits or allowances related to the payment of the Claim indemnified against and of any other such taxes), shall be equal to the amount of the indemnification required. All computations for the purposes of this Section 20(h) shall be based on tax rates in effect on the date the indemnification payment is included in the income of the Indemnified Person.

(i) Waiver of Certain Claims. In the event of any loss, destruction or damage to any Item of Equipment or other property of Lessee or any personal injury to Lessee's employees resulting from the use or operation of any Item of Equipment by Lessee during the Term, Lessee hereby waives any Claim against Lessor in respect of such loss, destruction, damage or personal injury to the extent such claim involves a cause of action against Lessor based on the interest of Lessor in the Items of Equipment. Nothing contained in the preceding sentence shall be interpreted to be (x) a waiver by Lessee of any Claims against Lessor or any other Indemnified Person arising out of (i) the use or operation by Lessor or its agents in contravention by Lessor or its agents of the provisions of Section 12 or 15(a) or (ii) the negligence of Lessor or its agents in the performance of Lessor's obligations under Section 12 or (y) in derogation of the obligations of Lessor under any of this Lease or the other Operative Documents to which Lessor is a party.

(j) Conflicting Provisions. The general indemnification provisions of this Section 20 are not intended to waive or supersede any specific provisions of this Lease, the Equity Participation Agreement or any other Operative Document concerning the responsibility of any of the parties hereto or thereto for any Claims.

Section 21. Miscellaneous.

(a) Monies Received by Lessor. Any monies received by Lessor, in connection with the transactions contemplated hereby in excess of the amounts to which Lessor is entitled pursuant to the terms hereof or pursuant to the terms of the Equity Participation Agreement and that are not required under the Indenture to be paid to the Indenture Trustee shall immediately be paid over by Lessor to Lessee without demand.

(b) Survival. Neither the termination of this Lease nor the transfer of any Item of Equipment to Lessee or any third party effected pursuant to Section 9, 10, 15 or 19 shall prejudice or otherwise limit the surviving rights and obligations of Lessee and Lessor hereunder or under the Equity Participation Agreement or any other Operative Document.

(c) General. All payments referred to herein shall be denominated in the currency designated for such payment pursuant to the relevant Schedule setting forth such payment or pursuant to the relevant section of this Lease or the other Operative Documents providing for such payment. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. No term or provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. The section and paragraph headings in this Lease and the table of contents are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof and all references herein to numbered sections, unless otherwise indicated, are to sections of this Lease. All representations and warranties made hereunder are made as of the Delivery Date.

(d) Choice of Law. This Lease has been delivered in the State of New York. It shall in all respects be governed by, and construed in accordance with, the laws of Japan, including all matters of construction, validity and performance.

(e) Payment Currency. This is an international transaction in which the specification of the currency of payments is of the essence. The payments required to be made by Lessee or Lessor under this Lease shall not be discharged by an amount paid in any currency other than the designated currency of such payments, whether pursuant to a judgment or otherwise, to the extent that the amount so paid on prompt conversion to the designated currency (as quoted in Tokyo, Japan) does not yield the amount of U.S. Dollars or Yen, as the case may be, due hereunder. In the event that any payment. required to be made hereunder, whether pursuant to a judgment or otherwise, does not, when paid and converted, result in payment of the correct amount of Yen or U.S. Dollars, as the case may be, due and owing to the Person receiving such payment, such Person shall refund promptly any excess and shall have a separate cause of action for the amount of any shortfall and the payor shall pay on demand such additional amounts as may be necessary to compensate for such shortfall.

(f) Business Days. If any date for any payment of Rent or any other amount due under this Lease shall not be a Business Day, then such payment shall be made on the next succeeding Business Day with the same force and effect as if made on such scheduled date and any such payment shall be in the same amount as if made on such scheduled date.

(g) Successors and Assigns. The terms and provisions of this Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and permitted assigns; provided that before any Person who is not a party to this Lease may make any claim for indemnification pursuant to Section 20 such Person must agree in writing reasonably satisfactory to Lessee to be bound by all of the provisions in Section 20 and to the extent such Person receives payments in excess of those to which such Person is entitled under Section 20, to immediately pay over such excess to Lessee without demand.

(h) Preservation of Section 1168 Benefits. Lessee shall take no action which would adversely affect the availability to Lessor or the Indenture Trustee of benefits under 11 U.S.C. § 1168 or any successor provision with respect to the Items of Equipment.

Section 22. Lessor's Obligation to Deliver Bills of Sale; Lessor's Events of Default.

(a) Lessor's Obligation to Deliver Bills of Sale. Lessor's obligation to execute and deliver bills of sale and other documents and instruments reasonably requested by Lessee in order to evidence (on the public record or otherwise) the transfer to and vesting of all right, title and interest in and to the Items of Equipment in Lessee, upon the fulfillment of the conditions (except for conditions within Lessor's control) to any such transfer and vesting set forth in Sections 8, 9, 10, 15 or 19, is of the essence to this transaction, and Lessee shall have the right to seek specific performance of such obligation in any appropriate court or tribunal.

(b) Lessor's Events of Default. Each of the following events shall constitute a Lessor's Event of Default:

(i) Lessor or NBB shall consent to the appointment of a receiver, trustee or liquidator of itself or shall make a general assignment for the benefit of creditors; or

(ii) Lessor or NBB shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization or liquidation in a proceeding under any bankruptcy laws (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against Lessor or NBB, as the case may be, in any such proceeding, or Lessor or NBB shall, by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other similar law providing for the reorganization or winding-up of corporations or for an agreement, composition, extension or adjustment with its creditors, or Lessor or NBB shall adopt a resolution of liquidation; or

(iii) An order, judgment or decree shall be entered in any proceeding before any court or agency of competent jurisdiction appointing, without the consent of Lessor or NBB, a receiver, trustee or liquidator of Lessor or NBB, and any such order, judgment or decree or appointment shall remain in force, undismissed, unstayed or un-vacated, for a period of 90 days after the date of entry thereof; or

(iv) A petition against Lessor or NBB in a proceeding under applicable bankruptcy laws or other applicable insolvency laws, as now or hereafter in effect in any tribunal having jurisdiction over Lessor or NBB, shall be filed and shall not be withdrawn or dismissed within 90 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations, any court or agency of competent jurisdiction shall assume jurisdiction, custody or control of Lessor or NBB and such jurisdiction, custody or control shall remain in force, unrelinquished, unstayed or not terminated, for a period of 90 days; or

(v) Any proceeding similar to those referred to in subparagraphs (i), (ii), (iii) or (iv) above for the relief of financially distressed debtors under the laws of any jurisdiction is entered into by Lessor or NBB voluntarily; or

(vi) a repudiation by NBB of its obligations under the NBB Guaranty; or

(vii) the failure of Lessor or NBB (A) to discharge any Lessor's Lien or (B) to otherwise cure any breach of Lessor's obligations under Section 4(b) hereof, within 30 days, in the event of a failure described in clause (A) above, following written notice from Lessee to Lessor and NBB that such failure, in the reasonable judgment of Lessee, does or will materially interrupt or interfere with Lessee's use of the Items of Equipment, and within 10 days following such written notice from Lessee to Lessor and NBB, as aforesaid, in the event of a failure described in clause (B) above; provided, however, that if any failure of Lessor or NBB described in clause (B) above is of a nature that it cannot be cured within such 10-day period, but is capable of being cured, and Lessor or NBB is making diligent efforts to cure such failure, then such failure shall not constitute a Lessor's Event of Default until such failure has continued beyond 30 days following the aforesaid written notice from Lessee to Lessor and NBB.

Section 23. Counterparts. This Agreement may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). Each counterpart of this Agreement, including a signature page

executed by each of the parties hereto, shall be an original counterpart of this Agreement, but all of such counterparts together shall constitute one instrument.

Section 24. Chattel Paper. The parties hereto agree that certain rights, title and interest in and to this Lease and to the Items of Equipment covered hereby on the part of the Lessor have been assigned to and are subject to a lien and security interest in favor of Wilmington Trust Company, Indenture Trustee under the Indenture. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease may be created through the transfer or possession of any counterpart other than the original counterpart that contains the receipt therefor executed by Wilmington Trust Company, as Indenture Trustee, on or immediately following the signature page hereof.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Agreement to be duly executed as of the day and year first above written.

LESSOR:

LINCOLN LOCOMOTIVE LEASE CO., LTD.

By _____
Name: LEONARD B. SHAVEL
Title: Vice President

LESSEE:

BURLINGTON NORTHERN RAILROAD COMPANY

By _____
Name: Robert F. McKenney
Title: Senior Vice President and Treasurer

STATE OF NEW YORK :
SS
COUNTY OF NEW YORK :

On this, the 27th day of April, 1994, before me, a notary public, personally appeared Leonard B. Shavel, to me personally known, who being by me duly sworn, says that he is the Vice President of Lincoln Locomotive Lease Co., Ltd., that said instrument was executed on April 27, 1994 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sworn to before me this
27th day of April, 1994.

(NOTARIAL SEAL)

Notary Public

My Commission Expires:

LINDA CORRIGAN
Notary Public, State of New York
No. 01CO 4746958
Qualified in Westchester County
Commission Expires August 31, 1995

STATE OF TEXAS :

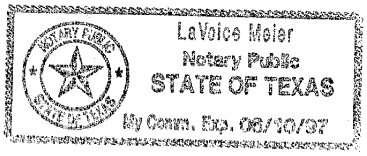
SS

COUNTY OF TARRANT :

On this, the 28 day of April, 1994, before me, a notary public, personally appeared Robert F. McKenney, to me personally known, who being by me duly sworn, says that he is the Senior Vice President and Treasurer of Burlington Northern Railroad Company, that said instrument was executed on April 28, 1994 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sworn to before me this
28 day of April, 1994.

(NOTARIAL SEAL)



Notary Public

My Commission Expires:

BURLINGTON NORTHERN RAILROAD COMPANY
LINCOLN LOCOMOTIVE LEASE CO., LTD.
FINANCING OF THIRTEEN GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION) MODEL SD 70M-AC
DIESEL ELECTRIC LOCOMOTIVES

The definitions stated herein shall apply equally to both the singular and plural forms of the terms defined.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct, or cause the direction of, the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement," "this Agreement," "hereof," "hereby," or any other like term means, unless the context requires otherwise, the agreement in which such term is used, including all annexes, exhibits, schedules, and supplements thereto, as such agreement may be amended, modified or supplemented from time to time.

"Applicable Laws" means all rules, regulations and orders issued by the ICC, the Department of Transportation and any other government or instrumentality, subdivision or agency thereof having jurisdiction and relating to the registration, operation, maintenance and service of the Items of Equipment.

"Assignment of Lessor's Interest in Lease and Supplemental Indenture" means the document so titled, which is described in Section 2.11(b)(ii)(x) of the Indenture.

"Assignment of Warranties" means the Assignment of Warranties (BNRR 1994-B), dated as of April 28, 1994, from the Seller to the Lessor, as the same may be amended, modified or supplemented from time to time.

"Bankruptcy Code" shall mean the United States Bankruptcy Reform Act of 1978, as amended from time to time, 11 U.S.C. § 101 et seq.

"Basic Rent" for the Items of Equipment means the rent payable to Lessor for the Items of Equipment pursuant to Section 3(b) of the Lease in the amounts and payable on the dates set forth in Schedule A to the Lease.

"Basic Termination Payment" means, with respect to any termination of the Lease pursuant to Section 9 or 15 of the Lease, the amount computed and payable as provided in Schedule B to the Lease.

"Bill of Sale" means a full warranty bill of sale executed by the Seller for all of the Items of Equipment.

"Business Day" means any day other than a Saturday, Sunday or a day on which commercial banking institutions are authorized or required by law, regulation or executive order to be closed in New York, New York, Fort Worth, Texas, or Tokyo, Japan or a city in which the Indenture Trustee or the Pass Through Trustee maintains its Corporate Trust Office.

"Casualty Value Termination Payment" means, with respect to any termination of the Lease with respect to one or more Items of Equipment pursuant to Section 10 of the Lease, the amount computed and payable as provided in Schedule C to the Lease.

"Certificates" means, collectively, those 6.52% Pass Through Certificates, Series 1994-A1, and those 7.40% Pass Through Certificates, Series 1994-A2, executed and authenticated by the Pass Through Trustee pursuant to the terms of the applicable Pass Through Trust Agreement, upon the purchase of the Equipment Certificates, and any replacement Certificates thereto.

"Certificates of Participation" means those 6.52% Certificates of Participation Series A1, and those 7.40% Certificates of Participation, Series A2, issued by the Indenture Trustee upon conversion of the Equipment Certificates in accordance with provisions of Section 2.11 of the Indenture.

"Change in Law" means any change in, deletion from, or amendment or addition to, Japanese Tax Law occurring on or after the Delivery Date, regardless of whether such change, deletion, amendment or addition has been discussed or proposed prior to the Delivery Date.

"Claims" has the meaning set forth in Section 20(a) of the Lease.

"Closing" shall mean the execution and delivery of the initial Lease Supplement by the parties thereto.

"Closing Date" means the date specified as such in Section 2(b) of the Debt Participation Agreement.

"Closing Time" shall have the meaning set forth in Section 2(b) of the Debt Participation Agreement.

"Code" means the Internal Revenue Code of 1986, as in effect on the date hereof or as hereafter amended.

"Conversion Date" means the date on which the Discharge and Conversion is effected pursuant to Section 2.11 of the Indenture.

"Corporate Trust Office" means, with respect to the Pass Through Trustee and the Indenture Trustee, the office of such trustee in the city at which at any particular time its corporate trust business shall be principally administered.

"Custodian" means Morgan, Lewis & Bockius, a Pennsylvania general partnership, and its successors and permitted assigns.

"Custodian Agreement" means the Custodian Agreement (BNRR 1994-B), dated as of April 28, 1994, among the Custodian, Lessor and Lessee.

"Debt Participation Agreement" means the Debt Participation Agreement (BNRR 1994-B), dated as of April 28, 1994, among the Indenture Trustee, the Pass Through Trustee, the Lessor, the Lessee and the Seller, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Deficiency Payment" has the meaning specified in Section 19 of the Lease.

"Delivery Date" means the date of the initial Lease Supplement for the Items of Equipment, which date shall be the date on which the Items of Equipment are delivered to and accepted by Lessor and Lessor leases the Items of Equipment to Lessee pursuant to the Lease.

"Discharge and Conversion" has the meaning specified in Section 2.11 of the Indenture.

"Distribution Date" means, with respect to distributions of Scheduled Payments, each June 26 and December 26 until payment of all the Scheduled Payments to be made under the Equipment Certificates has been made, commencing on June 26, 1994.

"Dollar" or "$" means the lawful currency of the United States of America.

"Dollar Account" means the account of Lessor specified as such in the Payment Instruction Letter.

"Equipment Certificates" means, collectively, that certain 6.52% Series 1 Equipment Certificate, and that certain 7.40% Series 2 Equipment Certificate, each substantially in the forms thereof set forth in Section 2.01 of the Indenture, issued by the Lessor on or prior to the Closing Date and any other such Equipment Certificates thereafter issued in exchange therefor or replacement thereof pursuant to Section 2.07 or 2.08 of the Indenture.

"Equity Participation Agreement" means the Equity Participation Agreement (BNRR 1994-B), dated as of April 28, 1994, by and among the Lessor, the Lessee and the Seller, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Event of Default" has the meaning set forth in Section 14 of the Lease.

"Event of Loss" means with respect to any property any of the following events occurring during the Term: (i) such property suffers an actual or constructive total loss, (ii) such property suffers destruction or damage beyond economic repair or such property is rendered permanently unfit for commercial use by the Lessee and for the purpose for which it was designed, as determined in good faith by the Lessee, (iii) such property is taken, condemned or requisitioned for title by any governmental authority, (iv) such property is taken, condemned or requisitioned for use by the Government or any other governmental authority for a period extending beyond the Term or (v) such property is lost, stolen or otherwise disappears. The date of such Event of Loss shall be the date of such loss, damage, condemnation, taking, requisition or disappearance, except that for purposes of clause (iv) above, no Event of Loss shall be deemed to have occurred until the earlier of (1) the last day of the Term and (2) the Lessee's declaration of the occurrence of an Event of Loss at any time following 12 months after such taking or requisition.

"Excepted Interests" means (i) any indemnity payments and interest thereon paid or payable to Lessor under the Lease, (ii) proceeds of public liability insurance in respect of the Items of Equipment paid or payable as a result of insurance claims made, or losses suffered by, the Lessor, (iii) proceeds of insurance maintained in respect of the Items of Equipment by or for the benefit of the Lessor and not required under Section 11 of the Lease, (iv) any Basic Rent, Casualty Value Termination Payments, Special Termination Payments, Purchase Price or

Deficiency Payments payable in Yen under the Lease, (v) any amounts paid or payable to the Lessor under the Lease to reimburse the Lessor for expenses incurred by it in exercising its rights under, or performing or complying with any of the obligations of the Lessee under, the Lease (vi) any payments or other amounts which would otherwise constitute part of the Indenture Estate, which have been released from the Lien of the Indenture, (vii) the right to exercise inspection rights pursuant to Section 12 of the Lease, (viii) the right to approve as satisfactory any accountants, engineers, counsel, or other Persons to render services for or issue opinions to the Lessor pursuant to express provisions of the Lease, (ix) the right as Lessor to seek specific performance of the covenants of the Lessee under the Lease relating to the protection, insurance and maintenance of the Items of Equipment and to maintain separate insurance with respect to the Items of Equipment pursuant to Section 11 of the Lease; (x) the right to demand, collect, sue for or otherwise receive and enforce the payment of any Excepted Interests; and (xi) the right to amend, settle or reduce the amount of any claim payable to Lessor as an Excepted Interest.

"Government" means the government of the United States of America and any instrumentality, subdivision or agency thereof and the government of Canada and any instrumentality, subdivision or agency thereof.

"ICC" means the Interstate Commerce Commission and any agency or instrumentality of the United States government succeeding to its functions.

"Improvement" means any improvement, structural change, modification or addition to any Item of Equipment made after the Delivery Date.

"Indemnified Person" means any Person identified as such in Section 20(b) of the Lease.

"Indenture" or "Trust Indenture" means the Trust Indenture and Security Agreement (BNRR 1994-B), dated as of April 28, 1994, among the Lessor, the Lessee and Wilmington Trust Company, as Indenture Trustee, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time, including supplementation by each Indenture Supplement executed and delivered pursuant thereto.

"Indenture Default" means an event which with notice or the lapse of time or both would become an Indenture Event of Default.

"Indenture Estate" has the meaning specified in the Granting Clause of the Indenture.

"Indenture Event of Default" has the meaning specified in Section 4.01 of the Indenture.

"Indenture Supplement" means the Indenture Supplement No. 1 (BNRR 1994-B), substantially in the form of Exhibit A to the Indenture, to be entered into by and among the Lessor, the Lessee and the Indenture Trustee on the Delivery Date covering the Items of Equipment referenced therein, any amendment to the Indenture Supplement and any subsequent Indenture Supplement executed and delivered in connection with a Replacement Item of Equipment.

"Indenture Trustee" means Wilmington Trust Company, a Delaware banking corporation, together with any successors, permitted assigns and co-trustees, not in its individual capacity but solely as Indenture Trustee.

"Initial Storage Period" has the meaning set forth in Section 5(d) of the Lease.

"Interest Payment Date" means the last day of a Lease Period.

"Investment Banker" means an independent investment banking institution of national standing appointed by Lessee.

"Item of Equipment" means (i) each of the General Motors Corporation (Electro-Motive Division) Model SD 70M-AC diesel electric locomotives (or an improved model of the same Manufacturer) listed by Lessee's road numbers BN 9425 through BN 9430, inclusive, and BN 9432 through BN 9438, inclusive in the Lease Supplement executed and delivered on the Delivery Date, including any and all Parts or Improvements incorporated or installed in or attached to such Item of Equipment, and including any and all Parts or Improvements removed from such Item of Equipment so long as title thereto shall remain vested in Lessor in accordance with the terms of Section 8 of the Lease after removal from such Item of Equipment, and (ii) any Replacement Item of Equipment which may from time to time be substituted, pursuant to Section 10(a) of the Lease, for an Item of Equipment leased under the Lease, including any and all Parts or Improvements incorporated or installed in or attached to such Replacement Item of Equipment, and including any and all Parts or Improvements removed from such Replacement Item of Equipment so long as title thereto shall remain vested in Lessor in accordance with the terms of Section 8 of the Lease after removal from such Replacement Item of Equipment. The term "Items of Equipment" also means, as of any date of determination, all Items of Equipment then leased under the Lease.

"Japanese Tax Law" means the Tax Act and all official interpretations thereof, and published decisions and rulings (tsutatsu) and administrative guidance (gyoseishido) by the National Tax Administration Agency and other relevant government agencies and all judicial precedents and decisions of national or local offices of the National Tax Tribunal applicable thereto.

"Kumiai-in" means any Person who is a party to a Tokumei Kumiai Agreement with Lessor and any transferee of such Person entered on Lessor's Record of Ownership for the purposes of the Operative Documents and the transactions contemplated thereby.

"Lease Agreement" or "Lease" means the Lease Agreement (BNRR 1994-B), relating to the Items of Equipment, dated as of April 28, 1994, between Lessor and Lessee, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time. The term "Lease" shall include each Lease Supplement entered into pursuant to the terms of the Lease.

"Lease Default" means an event which with notice or lapse of time or both would become a Lease Event of Default.

"Lease Event of Default" and "Event of Default" mean an Event of Default under the Lease as specified in Section 14 thereof.

"Lease Expiry Date" means the day immediately preceding the fourteenth anniversary of the Delivery Date; provided, that where any amount is expressed to be payable on the Lease Expiry Date, for such purposes only the Lease Expiry Date means the fourteenth anniversary of the Delivery Date.

"Lease Period" means each of (x) the period commencing on and including the Delivery Date and ending on and including the first Lease Period Date, and (y) each period commencing on and including the day immediately following the prior Lease Period Date (other than the last) and ending on and including the next subsequent Lease Period Date.

"Lease Period Date" means each of the Lease Period Dates listed on Schedule A to the Lease.

"Lease Supplement" means the Lease Supplement No. 1 (BNRR 1994-B), substantially in the form of Exhibit A to the Lease, to be entered into between Lessor and Lessee on the Delivery Date for the purpose of leasing the Items of Equipment under and pursuant to the terms of the Lease, any amendment to the Lease Supplement and any subsequent Lease Supplement executed and delivered in connection with a Replacement Item of Equipment.

"Lessee" means Burlington Northern Railroad Company, a Delaware corporation, and its successors and permitted assigns.

"Lessee's Record of Ownership" means the Lessee's record of ownership required to be kept by the Lessee pursuant to Section 13(c) of the Lease.

"Lessor" means Lincoln Locomotive Lease Co., Ltd., a corporation organized under the laws of the Cayman Islands, and its successors and permitted assigns.

"Lessor Security Agreement" means the Lessor Security Agreement (BNRR 1994-B), dated as of April 28, 1994, between Lessor and Lessee, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Lessor's Cost" for each Item of Equipment means an amount equal to $2,000,000.

"Lessor's Event of Default" shall have the meaning set forth in Section 22(b) of the Lease Agreement.

"Lessor's Liens", with respect to any Operative Document, means any Liens on or relating to or affecting any of the Indenture Estate arising as a result of (i) claims against or affecting Lessor or any Kumiai-in, other than claims arising solely from Lessor's participation in the transactions contemplated by the Lease, the Equity Participation Agreement, the Debt Participation Agreement, or any other Operative Document; (ii) acts or omissions of Lessor or any Kumiai-in not expressly permitted under the terms of the Lease, the Equity Participation Agreement, the Debt Participation Agreement, or any other Operative Document; (iii) Taxes imposed against Lessor or any Kumiai-in which are not indemnified against by Lessee pursuant to the Equity Participation Agreement; or (iv) claims against Lessor or any Kumiai-in arising out of the voluntary or involuntary transfer (other than pursuant to Sections 9, 10, 15 or 19 of the Lease) by Lessor (without the consent of Lessee) of its interest in any Item of Equipment or the Lease or any other Operative Document or by such Kumiai-in of its interest in the Tokumei Kumiai Agreement to which it is a party or any right to receive payment thereunder or any interest in the business of the Tokumei Kumiai contemplated thereunder.

"Lessor's Record of Ownership" means the Lessor's record of ownership required to be kept by the Lessor pursuant to the Custodian Agreement.

"Lien" means any mortgage, pledge, lien, charge, encumbrance, lease, assignment, exercise of rights, security interest or claim.

"Loss Notice" has the meaning set forth in Section 10(a) of the Lease.

"Loss Notice Date" has the meaning set forth in Section 10(a) of the Lease.

"LSA Collateral" has the meaning set forth in Section 2 of the Lessor Security Agreement.

"Make-Whole Amount" means, with respect to the principal amount of any Equipment Certificate to be prepaid (whether by acceleration or otherwise) on any Prepayment Date which occurs on or prior to April 28, 1997, for the Series 1 Equipment Certificates and June 6, 2004, for the Series 2 Equipment Certificates, the amount which the Investment Banker determines as of the third Business Day prior to such Prepayment Date (or, in the case of a prepayment resulting from an acceleration, as of such Prepayment Date) to equal the excess, if any, of (i) the sum of the present values of all the remaining scheduled payments of principal and interest from the Prepayment Date to maturity of such Equipment Certificate, discounted on a semiannual basis according to the Treasury Rate (as defined in Appendix A to the Trust Indenture), based on a 360-day year of twelve 30-day months, over (ii) the aggregate unpaid principal amount of such Equipment Certificate plus any accrued but unpaid interest thereon; provided that the aggregate unpaid principal amount of such Equipment Certificate for the purposes of clause (ii) of this definition shall be determined after deducting the principal installment, if any, due on such Prepayment Date.

"Manufacturer" means General Motors Corporation (Electro-Motive Division), a Delaware corporation, and its successors and assigns.

"Monthly Date", with respect to Schedules B and D to the Lease, means each date set forth in any such Schedule.

"National Tax Administration Agency" means the "National Tax Administration Agency" (Kokuzeicho) of Japan and includes any national tax administration regional bureau (Kokuzeikyoku) and national tax local office (Zeimusho) and any successor agencies.

"NBB" means Nomura Babcock & Brown Co., Ltd., a corporation organized under the laws of Japan, and its successors and permitted assigns.

"NBB Guaranty" means the Guaranty Agreement (BNRR 1994-B), dated as of April 28, 1994, between NBB and Lessee, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Nonseverable Improvement" means, at any time, an Improvement that shall not be readily removable from an Item of Equipment without causing material damage to such Item of Equipment.

"Offering Circular" means the Offering Circular relating to the offering of the Certificates.

"Officer's Certificate" means, with respect to any entity, a certificate signed by any Person authorized by or pursuant to the organizational documents, by-laws or any board resolution (in the case of a corporation), partnership agreement (in the case of a partnership), or trust agreement (in the case of a trust) to execute, deliver and take all actions on behalf of such entity in respect of any of the Operative Documents.

"Operative Document" means each of the Equity Participation Agreement, the Debt Participation Agreement, the Lease, each Lease Supplement, the NBB Guaranty, the Lessor Security Agreement, the Indenture, each Indenture Supplement, the Equipment Certificates, each Pass Through Trust Agreement, the Assignment of Warranties, the Custodian Agreement, the Pledge Agreement, and the Bill of Sale.

"Opinion of Counsel" means an opinion in writing signed by legal counsel, who may be (a) a senior attorney employed by the Lessee, or (b) such other counsel designated by the Lessee, whether or not such counsel is an employee of the Lessee, and who shall be acceptable to the Trustee.

"Overdue Rate" means (i) with respect to payments required to be made in U.S. Dollars or, if no currency is specified with respect to a payment, payments in fact made in U.S. Dollars, 8.40% per annum, and (ii) with respect to payments required to be made in Yen or, if no currency is specified with respect to a payment, payments in fact made in Yen, 5.41% per annum.

"Parts" means all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature that at any time of determination are incorporated or installed in or attached to an Item of Equipment or the ownership of and title to which remains vested in Lessor in accordance with Section 8 of the Lease after removal therefrom.

"Pass Through Trust" means, as applicable, the Burlington Northern Railroad Company 1994-A1 Pass Through Trust created pursuant to the Pass

Through Trust Agreement (BNRR 1994-A1), or the Burlington Northern Railroad Company 1994-A2 Pass Through Trust created pursuant to the Pass Through Trust Agreement (BNRR 1994-A2).

"Pass Through Trust Agreement" means, as applicable, the Pass Through Trust Agreement (BNRR 1994-A1) or the Pass Through Trust Agreement (BNRR 1994-A2), each dated as of April 28, 1994, between the Pass Through Trustee and the Lessee, and all annexes, supplements and exhibits thereto, all as amended, modified for supplemented from time to time.

"Pass Through Trustee" means First Security Bank of Utah, National Association, a national banking association, not in its individual capacity but solely as Pass Through Trustee under the Pass Through Trust Agreements, and each other person which may from time to time be acting as successor trustee under any such Pass Through Trust Agreements.

"Payment Instruction Letter" means any letter so titled which is delivered by the Lessor to the Lessee and acknowledged by the Indenture Trustee.

"Permitted Liens" means any Lien of the type described in clauses (a) through (g) of Section 6 of the Lease.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency, instrumentality or political subdivision thereof.

"Pledge Agreement" means the Pledge and Assignment Agreement (BNRR 1994-B), dated as of April 28, 1994, between the Lessee and the Lessor, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Potential Event of Default" means any occurrence or event which, with the passage of time or the giving of notice or both, would become an Event of Default.

"Prepayment Date" means the date described as such in Section 2.10 of the Indenture.

"Purchase Price" has the meaning, specified in Section 19 of the Lease.

"Rent" means Basic Rent and Supplemental Rent.

"Rent Payment Date" or "Payment Date" means each June 26 and December 26 of each year during the Lease Term, provided that if any such date shall not be a Business Day, then "Rent Payment Date" or "Payment Date" shall mean the next succeeding Business Day.

"Replacement Item of Equipment" means a General Motors Corporation (Electro-Motive Division) Model SD 70M-AC diesel electric locomotive (or an improved model of the same Manufacturer), which shall have been leased pursuant to clause (i) of Section 10(a) of the Lease, together with all Parts relating thereto.

"Responsible Officer" means, with respect to the subject matter of any covenant, agreement or obligation of any party contained in any Operative Document, the President, or any Vice President, Assistant Vice President, Treasurer, Assistant Treasurer or other officer who in the normal performance of his operational responsibility would have actual knowledge of such matter and the requirements with respect thereto.

"Scheduled Payment" means, with respect to a Distribution Date, any payment (other than a Special Payment) of principal and/or interest on an Equipment Certificate, due from Lessor, which payment represents the payment of principal at the stated maturity of such Equipment Certificate or any regularly scheduled installment of principal at the due date thereof, or the payment of regularly scheduled interest accrued on such Equipment Certificate.

"Secured Obligations" means, collectively, the obligations from time to time of the Lessor under and in respect of the principal of, interest on and premium, if any, with respect to the Equipment Certificates heretofore or hereafter issued under the Indenture and all other amounts from time to time due and payable to the Indenture Trustee and the holders of the Equipment Certificates under the Indenture or under the Debt Participation Agreement.

"Security Period" means the period commencing on the Delivery Date and terminating on the date on which all Secured Obligations have been paid in full or a Discharge and Conversion has been effected pursuant to Section 2.11 of the Indenture.

"Seller" means BN Leasing Corporation, a Delaware corporation, and its successors and assigns.

"Selling Costs" means all reasonable costs and expenses incurred by Lessor in connection with a sale or attempted sale of the Items of Equipment, pursuant to Section 15 or 19 of the Lease, including the costs and expenses of any agent retained by Lessor in connection with such sale.

"Severable Improvement" means any Improvement other than a Nonseverable Improvement.

"Special Distribution Date" means (a) with respect to the prepayment of any Equipment Certificates, the 26th day of the month in which such prepayment is scheduled to occur pursuant to the terms of the applicable Indenture and (b) with respect to any Special Payment relating to an Equipment Certificate other than as described in clause (a) of the definition of Special Payments, the earliest 26th day of a month for which it is practicable for the Pass Through Trustee to give notice pursuant to Section 4.02(c) of the Pass Through Trust Agreement 20 days prior thereto.

"Special Termination Payment" means, with respect to any termination of the Lease with respect to all of the Items of Equipment pursuant to Section 9 or 15 thereof or any termination of the Lease with respect to one or more Items of Equipment pursuant to Section 10 thereof, the amount computed and payable as provided in Schedule D to the Lease.

"Specified Exchange Rate" means the exchange rate of U.S. $1.00 equals 103.39 (Yen).

"Statement" means, in the case of the Lessor, a Statement in the form of Exhibit F to the Equity Participation Agreement and, in the case of the Kumiai-in, a Statement in the form of Exhibit G to the Equity Participation Agreement.

"Supplemental Rent" means all amounts, liabilities and obligations (other than Basic Rent) which Lessee assumes the obligation to pay or agrees to pay under the Lease or the Equity Participation Agreement to Lessor or others, including, without limitation, Casualty Value Termination Payments, Basic Termination Payments, Special Termination Payments, Purchase Price or Deficiency Payment, as the case may be, and payment of indemnities (including, without limitation, under Section 11 of the Equity Participation Agreement).

"Tax Act" means the Corporation Tax Law of Japan (Law No. 34 of 1965, as amended) and the regulations implemented thereunder, the provisions of the Income Tax Law of Japan (Law No. 33 of 1965, as amended) concerning withholding tax and the regulations implemented thereunder, the Consumption Tax Act of Japan (Law No. 108 of 1988) and the regulations implemented thereunder, the provisions of the Local Tax Law of Japan (Law No. 276 of 1950, as amended) concerning corporate enterprise tax and inhabitants tax and the regulations implemented thereunder, the Special Taxation Measures Law of Japan (Law No. 26 of 1957, as amended), and treaties, laws and regulations which affect the application and interpretation of, or amend, supplement, or replace, any provision of the Corporation Tax Law of Japan, the Consumption Tax Law of Japan, the

Income Tax Law of Japan, the Local Tax Law of Japan, or the Special Taxation Measures Law or any regulation implemented thereunder.

"Tax Indemnitee" means Lessor and each Kumiai-in and each of their respective Affiliates, shareholders, directors, officers, employees, servants, agents, successors and permitted assigns.

"Tax Ruling" means any tax ruling, tax assessment, notice, instruction, explanation or any other determination by the Japanese tax authorities given to Lessor or any Kumiai-in in writing.

"Taxes" means all license, registration and filing fees and all taxes, withholdings, assessments, levies, imposts, duties or charges of any nature whatsoever, together with any penalties, fines or interest thereon or other additions thereto imposed, withheld, levied or assessed by any country or any taxing authority or governmental subdivision thereof or therein or by any international authority.

"Term" means the term for which the Items of Equipment are leased as provided in Section 3(a) of the Lease and Section 4 of the initial Lease Supplement relating to the Items of Equipment.

"Termination Date" means the date specified as such in Section 9 or 15 of the Lease with respect to all of the Items of Equipment, or the date specified as such in Section 10 of the Lease with respect to one or more Items of Equipment, each of which dates shall be a Business Day; provided, that only for purposes of determining the date on which the Basic Termination Payment and Special Termination Payment is payable pursuant to Section 15(d) of the Lease, the Termination Date shall be the 10th day after the declaration referred in Section 15(a) of the Lease.

"Tokumei Kumiai" means the tokumei kumiai, as such term is described in the Japanese Commercial Code (including, without limitation, Articles 535 through 542 thereof), created pursuant to the Tokumei Kumiai Agreements.

"Tokumei Kumiai Agreement" means each of the separate agreements entered into or to be entered into by Lessor, in its capacity as proprietor and manager of the investment made by its investors (or Kumiai-in) substantially the same, in form and substance, as the form of the Tokumei Kumiai Agreement attached as Exhibit H to the Equity Participation Agreement and containing the covenants described in Section 8 of the Equity Participation Agreement.

"Treaty" means the Convention between the United States of America and Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, as in effect on the Delivery Date.

"U.S. Dollars" or "U.S. $" means lawful currency of the United States of America.

"United States Taxes" means any Taxes imposed, withheld, levied or assessed by any federal, state or local government or taxing authority of or in the United States of America.

"Yen" (¥) means lawful money of Japan.

"Yen Account" means the account of Lessor with The Sakura Bank Limited, Tokyo Main Office, Account Name: Lincoln Locomotive Lease Co., Ltd., Account Number: Non-Resident Yen Savings Account No. 8316249.

"Yen Deposit Agreement" means the Yen Deposit Agreement, dated April 28, 1994, between the Lessee and Midland Bank plc.

Exhibit A
To
Lease

LEASE SUPPLEMENT NO. 1 (BNRR 1994-B)

Between

LINCOLN LOCOMOTIVE LEASE CO., LTD.,
as Lessor

and

BURLINGTON NORTHERN RAILROAD COMPANY,
as Lessee

Thirteen General Motors Corporation (Electro-Motive Division) Model SD 70M-AC
Diesel Electric Locomotives

Dated as of April 28, 1994

CERTAIN RIGHTS, TITLE AND INTEREST IN AND TO THIS LEASE SUPPLEMENT NO. 1 AND TO THE ITEMS OF EQUIPMENT COVERED HEREBY ON THE PART OF LINCOLN LOCOMOTIVE LEASE CO., LTD. HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF WILMINGTON TRUST COMPANY, AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE AND SECURITY AGREEMENT (BNRR 1994-B) DATED AS OF APRIL 28, 1994. TO THE EXTENT, IF ANY, THAT THIS LEASE SUPPLEMENT NO. 1 CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE SUPPLEMENT NO. 1 MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY WILMINGTON TRUST COMPANY, AS INDENTURE TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on _____, 1994, at _:_ _.m., recordation number _____, and deposited in the Office of the Registrar of Canada pursuant to Section 90 of the Railway Act of Canada on _____, 1994, at __:__ _.m.

EXHIBIT A
TO
LEASE

LEASE SUPPLEMENT NO. 1 (BNRR 1994-B), dated April 28, 1994, between LINCOLN LOCOMOTIVE LEASE CO., LTD., a corporation formed under the laws of the Cayman Islands ("Lessor"), and BURLINGTON NORTHERN RAILROAD COMPANY, a Delaware corporation ("Lessee").

W I T N E S S E T H:

WHEREAS, Lessor and Lessee have heretofore entered into that certain Lease Agreement (BNRR 1994-B), dated as of April 28, 1994 (herein called the "Lease Agreement"). All capitalized terms used herein without definition shall have the meanings specified in Appendix X to the Lease. The Lease Agreement provides for the execution and delivery from time to time of Lease Supplements, each substantially in the form hereof for the purpose of leasing specific Items of Equipment under the Lease Agreement as and when delivered by Lessor to Lessee in accordance with the terms thereof;

WHEREAS, the Lease Agreement relates to the Items of Equipment described below, a counterpart of the Lease Agreement is attached hereto and made a part hereof and this Lease Supplement, together with such attachment, is being filed for recordation on the date hereof with the Interstate Commerce Commission as one document;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessor hereby delivers and leases to Lessee under the Lease Agreement, and Lessee hereby accepts and leases from Lessor under the Lease Agreement thirteen (13) General Motors Corporation (Electro-Motive Division) Model SD 70M-AC Diesel Electric Locomotives, bearing Lessee's road numbers BN 9425 through BN 9430, inclusive, and BN 9432 through BN 9438, inclusive.

2. The Delivery Date of the Items of Equipment is the date of this Lease Supplement set forth in the opening paragraph hereof.

3. Lessor's Cost for each Item of Equipment is $2,000,000 and the aggregate Lessor's Cost for all of the Items of Equipment is $26,000,000.

4. The Term for the Items of Equipment shall commence on the Delivery Date, and, except as otherwise provided in the Lease Agreement, shall end on the Lease Expiry Date.

LEASE SUPPLEMENT NO. 1 (BNRR 1994-B), dated April 28, 1994, between LINCOLN LOCOMOTIVE LEASE CO., LTD., a corporation formed under the laws of the Cayman Islands ("Lessor"), and BURLINGTON NORTHERN RAILROAD COMPANY, a Delaware corporation ("Lessee").

W I T N E S S E T H:

WHEREAS, Lessor and Lessee have heretofore entered into that certain Lease Agreement (BNRR 1994-B), dated as of April 28, 1994 (herein called the "Lease Agreement"). All capitalized terms used herein without definition shall have the meanings specified in Appendix X to the Lease. The Lease Agreement provides for the execution and delivery from time to time of Lease Supplements, each substantially in the form hereof for the purpose of leasing specific Items of Equipment under the Lease Agreement as and when delivered by Lessor to Lessee in accordance with the terms thereof;

WHEREAS, the Lease Agreement relates to the Items of Equipment described below, a counterpart of the Lease Agreement is attached hereto and made a part hereof and this Lease Supplement, together with such attachment, is being filed for recordation on the date hereof with the Interstate Commerce Commission as one document;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessor hereby delivers and leases to Lessee under the Lease Agreement, and Lessee hereby accepts and leases from Lessor under the Lease Agreement thirteen (13) General Motors Corporation (Electro-Motive Division) Model SD 70M-AC Diesel Electric Locomotives bearing Lessee's road numbers BN 9425 through BN 9430, inclusive, and BN 9432 through BN 9438, inclusive.

2. The Delivery Date of the Items of Equipment is the date of this Lease Supplement set forth in the opening paragraph hereof.

3. Lessor's Cost for each Item of Equipment is $2,000,000 and the aggregate Lessor's Cost for all of the Items of Equipment is $26,000,000.

4. The Term for the Items of Equipment shall commence on the Delivery Date and, except as otherwise provided in the Lease Agreement, shall end on the Lease Expiry Date.

5. Lessee hereby confirms to Lessor that the Items of Equipment shall, as soon as practicable, be duly marked in accordance with the terms of Section 7(f) of the Lease Agreement and that Lessee has accepted the Items of Equipment for all purposes hereof and of the Lease Agreement as being (i) in good working order and repair and without defect or inherent vice in title, condition, design, workmanship, operation or fitness for use whether or not discoverable by Lessee as of the date hereof, (ii) fully equipped to operate in commercial freight rail business in the United States and Canada and (iii) free and clear of all Liens except Permitted Liens; provided, however, that nothing contained herein or in the Lease Agreement shall in any way diminish or otherwise affect any right Lessee or Lessor may have with respect to the Items of Equipment against the Manufacturer, or any subcontractor or supplier of the Manufacturer, under the Purchase Agreement or otherwise.

6. Lessee hereby confirms its agreement to pay Lessor, in accordance with the terms of Section 3 of the Lease Agreement, Rent for the Items of Equipment throughout the Term therefor in accordance with Section 3 of the Lease Agreement.

7. All of the terms and provisions of the Lease Agreement are hereby incorporated by reference in this Lease Supplement to the same extent as if fully set forth herein.

8. This Lease Supplement may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). Each counterpart of this Lease Supplement, including a signature page executed by each of the parties hereto, shall be an original counterpart of this Lease Supplement, but all of such counterparts together shall constitute one instrument.

9. This Lease Supplement has been delivered in New York, New York. It shall in all respects be governed by, and construed in accordance with, the laws of Japan, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Supplement to be duly executed as of the day and year first above written.

LESSOR

LINCOLN LOCOMOTIVE LEASE CO., LTD.

By:_____
Name:
Title: Vice President

LESSEE

BURLINGTON NORTHERN RAILROAD COMPANY

By:_____
Name:
Title:

STATE OF NEW YORK :
SS
COUNTY OF NEW YORK :

On this, the ___ day of April, 1994, before me, a notary public, personally appeared _____, to me personally known, who being by me duly sworn, says that he is the Vice President of Lincoln Locomotive Lease Co., Ltd., that said instrument was executed on April __, 1994 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sworn to before me this
___ day of April, 1994.

(NOTARIAL SEAL)

_____
Notary Public

My Commission Expires:

STATE OF :

SS

COUNTY OF :

On this, the ___ day of April, 1994, before me, a notary public, personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____, of Burlington Northern Railroad Company, that said instrument was executed on April __, 1994 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sworn to before me this
___ day of April, 1994.

(NOTARIAL SEAL)

_____
Notary Public

My Commission Expires:

SCHEDULE 1
TO LEASE

IDENTIFICATION OF
ITEMS OF EQUIPMENT

Thirteen General Motors Corporation (Electro-Motive Division) Model SD 70M-AC Diesel Electric Locomotives numbered with Lessee's road numbers as follows:

1	BN 9425
2	BN 9426
3	BN 9427
4	BN 9428
5	BN 9429
6	BN 9430
7	BN 9432
8	BN 9433
9	BN 9434
10	BN 9435
11	BN 9436
12	BN 9437
13	BN 9438

SCHEDULE A
TO
LEASE

BASIC RENT PAYMENTS

Basic Rent for each Item of Equipment shall be payable on the applicable Lease Period Date in an amount equal to the sum of (1) the amount of U.S. Dollars listed in the column of the table below entitled "U.S. Dollars" and (2) in the amount of Yen computed by converting into Yen at the Specified Exchange Rate the amount of U.S. Dollars listed in the column of the table below entitled "Yen" and set forth opposite such Lease Period Date.

Alliance and Lincoln
25-Apr
11:21 AM

SCHEDULE A
TO
LEASE

BASIC RENT PAYMENTS
(per Item of Equipment)

LEASE PERIOD DATE	U.S. DOLLAR AMOUNT (US$)	YEN AMOUNT (US$)
26-Jun-94	19,340.49	13,873.58
26-Dec-94	101,331.05	0.00
26-Jun-95	101,331.05	0.00
26-Dec-95	101,331.05	0.00
26-Jun-96	101,331.05	0.00
26-Dec-96	101,331.05	0.00
26-Jun-97	101,331.05	0.00
26-Dec-97	101,331.05	0.00
26-Jun-98	101,331.05	0.00
26-Dec-98	101,331.05	0.00
26-Jun-99	101,331.05	0.00
26-Dec-99	101,331.05	0.00
26-Jun-2000	99,746.54	1,584.51
26-Dec-2000	95,526.87	5,804.18
26-Jun-2001	91,645.43	9,685.62
26-Dec-2001	88,065.34	13,265.71
26-Jun-2002	84,757.71	16,573.34
26-Dec-2002	81,692.41	19,638.64
26-Jun-2003	78,845.10	22,485.95
26-Dec-2003	76,191.10	25,139.95
26-Jun-2004	73,711.38	27,619.67
26-Dec-2004	71,385.37	29,945.68
26-Jun-2005	69,198.09	32,132.96
26-Dec-2005	67,132.91	34,198.14
26-Jun-2006	65,176.66	36,154.39
26-Dec-2006	63,316.47	38,014.58
26-Jun-2007	61,540.85	39,790.20
26-Dec-2007	59,851.56	41,479.49
28-Apr-2008	68,116.98	0.00

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS

In the event of a termination of the Lease pursuant to Section 9 or 15 thereof, the Basic Termination Payment with respect to each Item of Equipment due and payable to Lessor under Section 9 or 15, as the case may be, (x) shall be the amount of U.S. Dollars computed with reference to the date of payment (any such date being referred to in this Schedule B as a "Termination Date") in accordance with the following provisions, and (y) shall be paid in a lump sum on the date set for payment thereof pursuant to Section 9 or 15, as the case may be.

Computation of Basic Termination Payment. The Basic Termination Payment with respect to each Item of Equipment with reference to any Termination Date shall be an amount, computed with reference to the Monthly Dates and U.S. Dollar amounts set forth in the table below, and equal to the amounts described below, plus an amount equal to any Make-Whole Amount payable with respect to the Equipment Certificates and Certificates of Participation on such Termination Date:

(i) if the Termination Date occurs on a Monthly Date and such date is a Lease Period Date, the amount listed in Column 2 opposite such date (which amount is equal to the sum of (x) the amount listed in Column 1 opposite such date and (y) the portion of Basic Rent due and payable in U.S. Dollars on such Lease Period Date as set forth in Schedule A to the Lease);

(ii) if the Termination Date occurs on a Monthly Date and such date is not a Lease Period Date, the amount listed in Column 1 opposite such date;

(iii) if the Termination Date occurs on a date (other than a Monthly Date or a Lease Period Date) which falls between a Lease Period Date and the preceding Monthly Date (a "Lease Period Month"), the amount obtained by (w) subtracting the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column 1 from the amount listed opposite the Monthly Date immediately following such Termination Date in Column 2, (x) dividing the difference computed

in (w) above by 30, (y) multiplying the quotient computed in (x) above by the number of days elapsed, assuming 30 days per month, from (but not including) the Monthly Date immediately preceding such Termination Date to and including such Termination Date and (z) adding the product computed in (y) above to the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column 1; or

(iv) if the Termination Date occurs on a date other than a Monthly Date, a Lease Period Date or a date specified in the preceding clause (iii), the amount obtained by (w) subtracting the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column 1 from the amount listed opposite the Monthly Date immediately following such Termination Date in Column 1, (x) dividing the difference computed in (w) above by 30, (y) multiplying the quotient computed in (x) above by the number of days elapsed, assuming 30 days per month, from (but not including) the Monthly Date immediately preceding the Termination Date to and including the Termination Date and (z) adding the product computed in (y) above to the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column 1.

Alliance and Lincoln
25-Apr
11:21 AM

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
26-May-94	1,606,849.68	1,606,849.68
26-Jun-94	1,596,991.00	1,616,331.49
26-Jul-94	1,606,467.32	1,606,467.32
26-Aug-94	1,615,943.64	1,615,943.64
26-Sep-94	1,625,419.95	1,625,419.95
26-Oct-94	1,634,896.27	1,634,896.27
26-Nov-94	1,644,372.59	1,644,372.59
26-Dec-94	1,552,519.00	1,653,850.05
26-Jan-95	1,561,753.69	1,561,753.69
26-Feb-95	1,570,988.37	1,570,988.37
26-Mar-95	1,580,223.06	1,580,223.06
26-Apr-95	1,589,457.75	1,589,457.75
26-May-95	1,598,692.43	1,598,692.43
26-Jun-95	1,506,597.00	1,607,928.05
26-Jul-95	1,515,582.18	1,515,582.18
26-Aug-95	1,524,567.35	1,524,567.35
26-Sep-95	1,533,552.53	1,533,552.53
26-Oct-95	1,542,537.71	1,542,537.71
26-Nov-95	1,551,522.89	1,551,522.89
26-Dec-95	1,459,178.00	1,560,509.05
26-Jan-96	1,467,905.53	1,467,905.53
26-Feb-96	1,476,633.07	1,476,633.07
26-Mar-96	1,485,360.60	1,485,360.60
26-Apr-96	1,494,088.14	1,494,088.14
26-May-96	1,502,815.67	1,502,815.67
26-Jun-96	1,410,213.00	1,511,544.05
26-Jul-96	1,418,674.49	1,418,674.49
26-Aug-96	1,427,135.98	1,427,135.98
26-Sep-96	1,435,597.47	1,435,597.47
26-Oct-96	1,444,058.96	1,444,058.96
26-Nov-96	1,452,520.45	1,452,520.45
26-Dec-96	1,359,652.00	1,460,983.05
26-Jan-97	1,367,838.78	1,367,838.78
26-Feb-97	1,376,025.55	1,376,025.55
26-Mar-97	1,384,212.33	1,384,212.33
26-Apr-97	1,392,399.10	1,392,399.10
26-May-97	1,400,585.88	1,400,585.88
26-Jun-97	1,307,443.00	1,408,774.05
26-Jul-97	1,315,346.11	1,315,346.11
26-Aug-97	1,323,249.21	1,323,249.21
26-Sep-97	1,331,152.32	1,331,152.32
26-Oct-97	1,339,055.43	1,339,055.43
26-Nov-97	1,346,958.53	1,346,958.53

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SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
26-Dec-97	1,253,532.00	1,354,863.05
26-Jan-98	1,261,142.19	1,261,142.19
26-Feb-98	1,268,752.38	1,268,752.38
26-Mar-98	1,276,362.57	1,276,362.57
26-Apr-98	1,283,972.76	1,283,972.76
26-May-98	1,291,582.95	1,291,582.95
26-Jun-98	1,197,863.00	1,299,194.05
26-Jul-98	1,205,170.72	1,205,170.72
26-Aug-98	1,212,478.44	1,212,478.44
26-Sep-98	1,219,786.17	1,219,786.17
26-Oct-98	1,227,093.89	1,227,093.89
26-Nov-98	1,234,401.61	1,234,401.61
26-Dec-98	1,140,379.00	1,241,710.05
26-Jan-99	1,147,374.39	1,147,374.39
26-Feb-99	1,154,369.79	1,154,369.79
26-Mar-99	1,161,365.18	1,161,365.18
26-Apr-99	1,168,360.57	1,168,360.57
26-May-99	1,175,355.96	1,175,355.96
26-Jun-99	1,081,022.00	1,182,353.05
26-Jul-99	1,087,688.30	1,087,688.30
26-Aug-99	1,094,354.60	1,094,354.60
26-Sep-99	1,101,020.91	1,101,020.91
26-Oct-99	1,107,687.21	1,107,687.21
26-Nov-99	1,114,353.51	1,114,353.51
26-Dec-99	1,019,690.00	1,121,021.05
26-Jan-2000	1,025,978.09	1,025,978.09
26-Feb-2000	1,032,266.18	1,032,266.18
26-Mar-2000	1,038,554.27	1,038,554.27
26-Apr-2000	1,044,842.35	1,044,842.35
26-May-2000	1,051,130.44	1,051,130.44
26-Jun-2000	957,672.00	1,057,418.54
26-Jul-2000	963,577.64	963,577.64
26-Aug-2000	969,483.29	969,483.29
26-Sep-2000	975,388.93	975,388.93
26-Oct-2000	981,294.58	981,294.58
26-Nov-2000	987,200.22	987,200.22
26-Dec-2000	897,579.00	993,105.87
26-Jan-2001	903,114.07	903,114.07
26-Feb-2001	908,649.14	908,649.14
26-Mar-2001	914,184.21	914,184.21
26-Apr-2001	919,719.28	919,719.28
26-May-2001	925,254.35	925,254.35
26-Jun-2001	839,144.00	930,789.43

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SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
26-Jul-2001	844,318.72	844,318.72
26-Aug-2001	849,493.44	849,493.44
26-Sep-2001	854,668.16	854,668.16
26-Oct-2001	859,842.89	859,842.89
26-Nov-2001	865,017.61	865,017.61
26-Dec-2001	782,127.00	870,192.34
26-Jan-2002	786,950.12	786,950.12
26-Feb-2002	791,773.23	791,773.23
26-Mar-2002	796,596.35	796,596.35
26-Apr-2002	801,419.47	801,419.47
26-May-2002	806,242.58	806,242.58
26-Jun-2002	726,308.00	811,065.71
26-Jul-2002	730,786.90	730,786.90
26-Aug-2002	735,265.80	735,265.80
26-Sep-2002	739,744.70	739,744.70
26-Oct-2002	744,223.60	744,223.60
26-Nov-2002	748,702.50	748,702.50
26-Dec-2002	671,489.00	753,181.41
26-Jan-2003	675,629.85	675,629.85
26-Feb-2003	679,770.70	679,770.70
26-Mar-2003	683,911.55	683,911.55
26-Apr-2003	688,052.40	688,052.40
26-May-2003	692,193.24	692,193.24
26-Jun-2003	617,489.00	696,334.10
26-Jul-2003	621,296.85	621,296.85
26-Aug-2003	625,104.70	625,104.70
26-Sep-2003	628,912.55	628,912.55
26-Oct-2003	632,720.40	632,720.40
26-Nov-2003	636,528.24	636,528.24
26-Dec-2003	564,145.00	640,336.10
26-Jan-2004	567,623.89	567,623.89
26-Feb-2004	571,102.79	571,102.79
26-Mar-2004	574,581.68	574,581.68
26-Apr-2004	578,060.58	578,060.58
26-May-2004	581,539.47	581,539.47
26-Jun-2004	511,307.00	585,018.38
26-Jul-2004	514,460.06	514,460.06
26-Aug-2004	517,613.12	517,613.12
26-Sep-2004	520,766.18	520,766.18
26-Oct-2004	523,919.24	523,919.24
26-Nov-2004	527,072.30	527,072.30
26-Dec-2004	458,840.00	530,225.37
26-Jan-2005	461,669.51	461,669.51

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SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
26-Feb-2005	464,499.03	464,499.03
26-Mar-2005	467,328.54	467,328.54
26-Apr-2005	470,158.05	470,158.05
26-May-2005	472,987.57	472,987.57
26-Jun-2005	406,619.00	475,817.09
26-Jul-2005	409,126.48	409,126.48
26-Aug-2005	411,633.97	411,633.97
26-Sep-2005	414,141.45	414,141.45
26-Oct-2005	416,648.94	416,648.94
26-Nov-2005	419,156.42	419,156.42
26-Dec-2005	354,531.00	421,663.91
26-Jan-2006	356,717.27	356,717.27
26-Feb-2006	358,903.55	358,903.55
26-Mar-2006	361,089.82	361,089.82
26-Apr-2006	363,276.10	363,276.10
26-May-2006	365,462.37	365,462.37
26-Jun-2006	302,472.00	367,648.66
26-Jul-2006	304,337.24	304,337.24
26-Aug-2006	306,202.49	306,202.49
26-Sep-2006	308,067.73	308,067.73
26-Oct-2006	309,932.98	309,932.98
26-Nov-2006	311,798.22	311,798.22
26-Dec-2006	250,347.00	313,663.47
26-Jan-2007	251,890.81	251,890.81
26-Feb-2007	253,434.61	253,434.61
26-Mar-2007	254,978.42	254,978.42
26-Apr-2007	256,522.23	256,522.23
26-May-2007	258,066.03	258,066.03
26-Jun-2007	198,069.00	259,609.85
26-Jul-2007	199,290.43	199,290.43
26-Aug-2007	200,511.85	200,511.85
26-Sep-2007	201,733.28	201,733.28
26-Oct-2007	202,954.70	202,954.70
26-Nov-2007	204,176.13	204,176.13
26-Dec-2007	145,546.00	205,397.56
26-Jan-2008	146,443.53	146,443.53
26-Feb-2008	147,341.07	147,341.07
26-Mar-2008	148,238.60	148,238.60
26-Apr-2008	149,136.13	149,136.13
28-Apr-2008	81,079.00	149,195.98

SCHEDULE C
TO
LEASE

CASUALTY VALUE TERMINATION PAYMENTS

In the event of the occurrence of an Event of Loss with respect to an Item of Equipment and the exercise by Lessee of its option under Section 10(a)(ii) of the Lease with respect to such Item of Equipment, Lessee shall pay to Lessor an amount of U.S. Dollars, payable in a lump sum on the payment date provided for under Section 10(a) (ii) of the Lease, equal to the Basic Termination Payment in U.S. Dollars computed with reference to such payment date pursuant to the provisions of Schedule B to the Lease.

SCHEDULE D
TO
LEASE

SPECIAL TERMINATION PAYMENTS

The Special Termination Payment to be made by Lessee pursuant to Section 9, 10 or 15 of the Lease shall be payable to Lessor in respect of the loss or recapture of benefits which would otherwise have been available to Lessor under the laws of Japan. Because of the difficulty in estimating the value to Lessor of such benefits and because Lessor and Lessee desire to liquidate the amounts due and payable as the Special Termination Payment, Lessor and Lessee hereby agree that the Special Termination Payment to be paid by Lessee with respect to each Item of Equipment (x) shall be the amount of Yen derived by computing the amounts, denominated in U.S. Dollars, in accordance with the provisions set forth below and converting such amounts into Yen at the Specified Exchange Rate, and (y) shall be paid in a lump sum on the date set for payment thereof pursuant to Section 9, 10 or 15 as the case may be. For the purposes of this Schedule D:

(a) any termination effected pursuant to Section 9(a), 9(b) (except under the circumstances described in paragraph (b) hereof), 9(c) (where the illegality arises under the laws of a jurisdiction other than Japan), 9(d)(ii) (other than in the circumstances described in paragraph (b) or (c) below), 10 or 15, shall be referred to as a "Column A Termination";

(b) any termination effected pursuant to Section 9(d)(ii) (as a result of the occurrence of an Indenture Event of Default which would not also constitute either a Lessor's Event of Default or a Lease Event of Default, and which does not result from the breach by Lessee of any of its obligations under any of the Operative Documents), or 9(d)(iii), shall be referred to as a "Column B Termination";

(c) any termination effected pursuant to Section 9(b)(ii) (where the Indemnified Taxes are imposed, withheld, levied or assessed by any government or taxing authority in Japan), 9(c) (where the illegality arises under the laws of Japan), 9(d)(i), 9(d)(ii) (as a result of the occurrence of an Indenture Event of Default which would also constitute a Lessor's Event of Default, and which does not result from the breach by Lessee of any of its obligations under any of the Operative Documents), 9(d)(iv), or 9(d)(v) shall be referred to as a "Column C Termination".

Calculation of Special Termination Payment. In the event of a termination of the Lease pursuant to Section 9 or 15 with respect to all of the Items of Equipment or a termination of the Lease with respect to one or more Items of Equipment pursuant to Section 10, the Special Termination Payment with respect to each such Item of Equipment due and payable to Lessor as of the relevant Termination Date shall be an

amount, computed with reference to the Monthly Dates and Yen amounts (calculated by converting the U.S. Dollar amounts listed below into Yen at the Specified Exchange Rate) set forth with respect to a Column A Termination, in Column A of the table below, with respect to a Column B Termination, in Column B of the table below, or with respect to a Column C Termination, in Column C of the table below, and equal to:

(a) Column A Termination.

(i) if a Termination Date occurs on a Lease Period Date, the amount listed in column A2 opposite such date;

(ii) if the Termination Date occurs on a Monthly Date which is not a Lease Period Date, the amount listed in Column A1 opposite such date; or

(iii) if the Termination Date occurs on a date which is not a Monthly Date or Lease Period Date, in a Lease Period Month, the amount listed opposite the Monthly Date immediately following such Termination Date in Column A2;

(iv) if the Termination Date occurs on a date other than a date specified in clause (i), (ii) or (iii) above, the amount listed opposite the Monthly Date immediately following such Termination Date in Column A1.

(b) Column B Termination.

(i) if a Termination Date occurs on a Lease Period Date, the amount listed in column B2 opposite such date;

(ii) if the Termination Date occurs on a Monthly Date which is not a Lease Period Date, the amount listed in Column B1 opposite such date; or

(iii) if the Termination Date occurs on a date which is not a Monthly Date or Lease Period Date, in a Lease Period Month, the amount listed opposite the Monthly Date immediately following such Termination Date in Column B2;

(iv) if the Termination Date occurs on a date other than a date specified in clause (i), (ii) or (iii) above, the amount listed opposite the Monthly Date immediately following such Termination Date in Column B1.

(c) Column C Termination.

(i) if the Termination Date occurs on a Monthly Date and such date is a Lease Period Date, the amount listed in Column C2 opposite such date;

(ii) if the Termination Date occurs on a Monthly Date and such date is not a Lease Period Date, the amount listed in Column C1 opposite such date; or

(iii) if the Termination Date occurs on a date (other than a Monthly Date or a Lease Period Date), the amount obtained by (w) multiplying the amount opposite the preceding Monthly Date by .0441, (x) multiplying the amount computed in (w) above by the actual number of days elapsed from but not including such preceding Monthly Date to and including the Termination Date, (y) dividing the amount computed in (x) by 365, and (z) adding the amount computed in (y) to the amount opposite the preceding Monthly Date.

Alliance and Lincoln
25-Apr
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SCHEDULE D
TO
LEASE

SPECIAL TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	A2 (US$)	COLUMN B TERMINATION B1 (US$)	B2 (US$)	COLUMN C TERMINATION C1 (US$)	C2 (US$)
26-May-94	459,694	459,694	458,137	458,137	323,345	323,345
26-Jun-94	461,265	475,139	458,164	472,037	310,678	324,552
26-Jul-94	462,133	462,133	457,524	457,524	311,804	311,804
26-Aug-94	463,706	463,706	457,589	457,589	312,968	312,968
26-Sep-94	465,170	465,170	457,780	457,780	314,131	314,131
26-Oct-94	466,639	466,639	457,987	457,987	315,258	315,258
26-Nov-94	468,112	468,112	458,210	458,210	316,421	316,421
26-Dec-94	469,590	469,590	458,449	458,449	317,547	317,547
26-Jan-95	469,565	469,565	457,261	457,261	318,737	318,737
26-Feb-95	471,043	471,043	457,530	457,530	319,926	319,926
26-Mar-95	472,399	472,399	457,926	457,926	321,000	321,000
26-Apr-95	473,760	473,760	458,335	458,335	322,190	322,190
26-May-95	475,125	475,125	458,759	458,759	323,341	323,341
26-Jun-95	476,494	476,494	459,195	459,195	324,530	324,530
26-Jul-95	475,673	475,673	457,546	457,546	325,706	325,706
26-Aug-95	477,040	477,040	458,005	458,005	326,922	326,922
26-Sep-95	478,303	478,303	458,565	458,565	328,137	328,137
26-Oct-95	479,570	479,570	459,137	459,137	329,314	329,314
26-Nov-95	480,842	480,842	459,721	459,721	330,529	330,529
26-Dec-95	482,116	482,116	460,315	460,315	331,706	331,706
26-Jan-96	480,615	480,615	458,260	458,260	332,948	332,948
26-Feb-96	481,887	481,887	458,872	458,872	334,190	334,190
26-Mar-96	483,070	483,070	459,562	459,562	335,353	335,353
26-Apr-96	484,256	484,256	460,263	460,263	336,595	336,595
26-May-96	485,446	485,446	460,973	460,973	337,797	337,797
26-Jun-96	486,639	486,639	461,693	461,693	339,040	339,040
26-Jul-96	484,565	484,565	459,285	459,285	340,269	340,269
26-Aug-96	485,755	485,755	460,016	460,016	341,538	341,538
26-Sep-96	486,869	486,869	460,808	460,808	342,808	342,808
26-Oct-96	487,987	487,987	461,609	461,609	344,037	344,037
26-Nov-96	489,108	489,108	462,418	462,418	345,307	345,307
26-Dec-96	490,232	490,232	463,234	463,234	346,536	346,536
26-Jan-97	487,682	487,682	460,525	460,525	347,834	347,834
26-Feb-97	488,801	488,801	461,349	461,349	349,132	349,132
26-Mar-97	489,858	489,858	462,219	462,219	350,304	350,304
26-Apr-97	490,919	490,919	463,097	463,097	351,602	351,602
26-May-97	491,982	491,982	463,981	463,981	352,858	352,858
26-Jun-97	493,048	493,048	464,872	464,872	354,156	354,156
26-Jul-97	490,110	490,110	461,911	461,911	355,440	355,440
26-Aug-97	491,170	491,170	462,805	462,805	356,766	356,766
26-Sep-97	492,181	492,181	463,734	463,734	358,093	358,093
26-Oct-97	493,195	493,195	464,669	464,669	359,377	359,377
26-Nov-97	494,212	494,212	465,610	465,610	360,703	360,703

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SCHEDULE D
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SPECIAL TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	COLUMN A TERMINATION A2 (US$)	COLUMN B TERMINATION B1 (US$)	COLUMN B TERMINATION B2 (US$)	COLUMN C TERMINATION C1 (US$)	COLUMN C TERMINATION C2 (US$)
26-Dec-97	495,230	495,230	466,556	466,556	361,987	361,987
26-Jan-98	491,984	491,984	463,391	463,391	363,343	363,343
26-Feb-98	492,997	492,997	464,339	464,339	364,698	364,698
26-Mar-98	493,971	493,971	465,310	465,310	365,923	365,923
26-Apr-98	494,948	494,948	466,287	466,287	367,279	367,279
26-May-98	495,928	495,928	467,270	467,270	368,591	368,591
26-Jun-98	496,909	496,909	468,256	468,256	369,947	369,947
26-Jul-98	493,430	493,430	464,935	464,935	371,288	371,288
26-Aug-98	494,405	494,405	465,921	465,921	372,673	372,673
26-Sep-98	495,351	495,351	466,924	466,924	374,059	374,059
26-Oct-98	496,300	496,300	467,931	467,931	375,400	375,400
26-Nov-98	497,252	497,252	468,943	468,943	376,786	376,786
26-Dec-98	498,206	498,206	469,959	469,959	378,126	378,126
26-Jan-99	494,561	494,561	466,527	466,527	379,543	379,543
26-Feb-99	495,508	495,508	467,540	467,540	380,959	380,959
26-Mar-99	496,435	496,435	468,565	468,565	382,238	382,238
26-Apr-99	497,365	497,365	469,594	469,594	383,654	383,654
26-May-99	498,297	498,297	470,628	470,628	385,025	385,025
26-Jun-99	499,231	499,231	471,664	471,664	386,441	386,441
26-Jul-99	495,483	495,483	468,164	468,164	387,842	387,842
26-Aug-99	496,410	496,410	469,197	469,197	389,289	389,289
26-Sep-99	497,327	497,327	470,238	470,238	390,737	390,737
26-Oct-99	498,245	498,245	471,283	471,283	392,138	392,138
26-Nov-99	499,167	499,167	472,332	472,332	393,585	393,585
26-Dec-99	500,090	500,090	473,384	473,384	394,986	394,986
26-Jan-2000	496,296	496,296	469,861	469,861	396,465	396,465
26-Feb-2000	497,212	497,212	470,909	470,909	397,945	397,945
26-Mar-2000	498,126	498,126	471,962	471,962	399,329	399,329
26-Apr-2000	499,042	499,042	473,020	473,020	400,808	400,808
26-May-2000	499,960	499,960	474,082	474,082	402,240	402,240
26-Jun-2000	499,297	500,881	473,563	475,148	402,135	403,720
26-Jul-2000	495,507	495,507	470,057	470,057	403,592	403,592
26-Aug-2000	496,415	496,415	471,115	471,115	405,098	405,098
26-Sep-2000	497,327	497,327	472,178	472,178	406,604	406,604
26-Oct-2000	498,243	498,243	473,245	473,245	408,062	408,062
26-Nov-2000	499,161	499,161	474,316	474,316	409,568	409,568
26-Dec-2000	494,277	500,081	469,587	475,391	405,222	411,026
26-Jan-2001	490,527	490,527	466,133	466,133	406,739	406,739
26-Feb-2001	491,419	491,419	467,194	467,194	408,257	408,257
26-Mar-2001	492,324	492,324	468,259	468,259	409,628	409,628
26-Apr-2001	493,231	493,231	469,328	469,328	411,146	411,146
26-May-2001	494,141	494,141	470,402	470,402	412,615	412,615
26-Jun-2001	485,368	495,054	461,795	471,480	404,447	414,133

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SCHEDULE D
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SPECIAL TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	COLUMN A TERMINATION A2 (US$)	COLUMN B TERMINATION B1 (US$)	COLUMN B TERMINATION B2 (US$)	COLUMN C TERMINATION C1 (US$)	COLUMN C TERMINATION C2 (US$)
26-Jul-2001	481,691	481,691	458,425	458,425	405,913	405,913
26-Aug-2001	482,563	482,563	459,481	459,481	407,428	407,428
26-Sep-2001	483,453	483,453	460,543	460,543	408,942	408,942
26-Oct-2001	484,346	484,346	461,609	461,609	410,408	410,408
26-Nov-2001	485,241	485,241	462,680	462,680	411,923	411,923
26-Dec-2001	472,873	486,139	450,489	463,755	400,124	413,390
26-Jan-2002	469,301	469,301	447,233	447,233	401,622	401,622
26-Feb-2002	470,146	470,146	448,279	448,279	403,121	403,121
26-Mar-2002	471,016	471,016	449,332	449,332	404,475	404,475
26-Apr-2002	471,888	471,888	450,389	450,389	405,973	405,973
26-May-2002	472,762	472,762	451,451	451,451	407,423	407,423
26-Jun-2002	457,066	473,639	435,944	452,518	392,349	408,922
26-Jul-2002	453,627	453,627	432,830	432,830	393,771	393,771
26-Aug-2002	454,440	454,440	433,859	433,859	395,240	395,240
26-Sep-2002	455,283	455,283	434,898	434,898	396,710	396,710
26-Oct-2002	456,129	456,129	435,942	435,942	398,132	398,132
26-Nov-2002	456,977	456,977	436,991	436,991	399,602	399,602
26-Dec-2002	438,189	457,828	418,405	438,044	381,385	401,024
26-Jan-2003	434,909	434,909	415,458	415,458	382,814	382,814
26-Feb-2003	435,685	435,685	416,466	416,466	384,242	384,242
26-Mar-2003	436,498	436,498	417,487	417,487	385,532	385,532
26-Apr-2003	437,312	437,312	418,512	418,512	386,961	386,961
26-May-2003	438,128	438,128	419,543	419,543	388,343	388,343
26-Jun-2003	416,461	438,947	398,092	420,578	367,286	389,772
26-Jul-2003	413,365	413,365	395,336	395,336	368,617	368,617
26-Aug-2003	414,100	414,100	396,318	396,318	369,993	369,993
26-Sep-2003	414,876	414,876	397,317	397,317	371,368	371,368
26-Oct-2003	415,654	415,654	398,320	398,320	372,700	372,700
26-Nov-2003	416,434	416,434	399,329	399,329	374,075	374,075
26-Dec-2003	392,076	417,216	375,202	400,342	350,267	375,407
26-Jan-2004	389,187	389,187	372,659	372,659	351,579	351,579
26-Feb-2004	389,877	389,877	373,611	373,611	352,891	352,891
26-Mar-2004	390,612	390,612	374,584	374,584	354,118	354,118
26-Apr-2004	391,349	391,349	375,561	375,561	355,430	355,430
26-May-2004	392,088	392,088	376,544	376,544	356,699	356,699
26-Jun-2004	365,210	392,829	349,912	377,532	330,392	358,012
26-Jul-2004	362,548	362,548	347,604	347,604	331,589	331,589
26-Aug-2004	363,189	363,189	348,521	348,521	332,827	332,827
26-Sep-2004	363,879	363,879	349,465	349,465	334,064	334,064
26-Oct-2004	364,571	364,571	350,414	350,414	335,262	335,262
26-Nov-2004	365,265	365,265	351,368	351,368	336,499	336,499
26-Dec-2004	336,015	365,960	322,381	352,327	307,751	337,697
26-Jan-2005	333,600	333,600	320,327	320,327	308,904	308,904

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SCHEDULE D
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SPECIAL TERMINATION PAYMENTS
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MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	A2 (US$)	COLUMN B TERMINATION B1 (US$)	B2 (US$)	COLUMN C TERMINATION C1 (US$)	C2 (US$)
26-Feb-2005	334,189	334,189	321,206	321,206	310,056	310,056
26-Mar-2005	334,830	334,830	322,118	322,118	311,097	311,097
26-Apr-2005	335,473	335,473	323,035	323,035	312,250	312,250
26-May-2005	336,117	336,117	323,957	323,957	313,366	313,366
26-Jun-2005	304,631	336,764	292,751	324,884	282,385	314,518
26-Jul-2005	302,483	302,483	290,969	290,969	283,409	283,409
26-Aug-2005	303,016	303,016	291,808	291,808	284,467	284,467
26-Sep-2005	303,604	303,604	292,685	292,685	285,524	285,524
26-Oct-2005	304,194	304,194	293,567	293,567	286,548	286,548
26-Nov-2005	304,786	304,786	294,454	294,454	287,606	287,606
26-Dec-2005	271,181	305,379	261,149	295,347	254,431	288,629
26-Jan-2006	269,318	269,318	259,658	259,658	255,384	255,384
26-Feb-2006	269,790	269,790	260,453	260,453	256,337	256,337
26-Mar-2006	270,323	270,323	261,293	261,293	257,198	257,198
26-Apr-2006	270,856	270,856	262,138	262,138	258,151	258,151
26-May-2006	271,392	271,392	262,988	262,988	259,073	259,073
26-Jun-2006	235,774	271,928	227,689	263,844	223,871	260,025
26-Jul-2006	234,212	234,212	226,506	226,506	224,683	224,683
26-Aug-2006	234,622	234,622	227,255	227,255	225,521	225,521
26-Sep-2006	235,095	235,095	228,055	228,055	226,360	226,360
26-Oct-2006	235,569	235,569	228,861	228,861	227,171	227,171
26-Nov-2006	236,044	236,044	229,672	229,672	228,010	228,010
26-Dec-2006	198,506	236,521	192,474	230,489	190,807	228,822
26-Jan-2007	197,261	197,261	191,614	191,614	191,521	191,521
26-Feb-2007	197,606	197,606	192,315	192,315	192,236	192,236
26-Mar-2007	198,016	198,016	193,074	193,074	192,882	192,882
26-Apr-2007	198,427	198,427	193,838	193,838	193,596	193,596
26-May-2007	198,839	198,839	194,608	194,608	194,288	194,288
26-Jun-2007	159,463	199,253	155,594	195,384	155,212	195,002
26-Jul-2007	158,550	158,550	155,073	155,073	155,775	155,775
26-Aug-2007	158,826	158,826	155,723	155,723	156,356	156,356
26-Sep-2007	159,170	159,170	156,439	156,439	156,938	156,938
26-Oct-2007	159,516	159,516	157,161	157,161	157,500	157,500
26-Nov-2007	159,862	159,862	157,888	157,888	158,082	158,082
26-Dec-2007	118,730	160,209	117,141	158,621	117,165	158,644
26-Jan-2008	118,164	118,164	116,974	116,974	117,603	117,603
26-Feb-2008	118,369	118,369	117,572	117,572	118,042	118,042
26-Mar-2008	118,644	118,644	118,244	118,244	118,453	118,453
26-Apr-2008	118,921	118,921	118,921	118,921	118,892	118,892
28-Apr-2008	118,921	118,921	118,921	118,921	118,921	118,921

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SCHEDULE E
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PURCHASE PRICE

The Purchase Price or the Deficiency Payment per Item of Equipment payable pursuant to Section 19 of the Lease shall be (a) the amount U.S. Dollars 81,079.00 plus (b) the amount of Yen equal to U.S. U.S. Dollars 118,921.00 converted into Yen at the Specified Exchange Rate.