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INTERSTATE COMMERCE COMMISSION

ASSIGNMENT AGREEMENT (CSXT 1994-B)

Dated as of March 31, 1994

FOR

TWENTY-THREE GENERAL ELECTRIC DASH 9-44CW
DIESEL ELECTRIC LOCOMOTIVES

CSX TRANSPORTATION, INC., as Assignor

PACIFIC LOCOMOTIVE LEASE CO., LTD., as Assignee

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THIS ASSIGNMENT AGREEMENT, dated as of March 31, 1994, between CSX TRANSPORTATION, INC., a corporation organized and existing under the laws of the Commonwealth of Virginia with its principal place of business at 500 Water Street, Jacksonville, Florida 32202 (the "Assignor") and PACIFIC LOCOMOTIVE LEASE CO., LTD., a corporation organized under the laws of the Cayman Islands with its registered office at Caledonian House, Mary Street, George Town, Grand Cayman, Cayman Islands, British West Indies (the "Assignee").

WITNESSETH:

WHEREAS, pursuant to the Purchase Agreement (as hereinafter defined), the Manufacturer (as hereinafter defined) agreed to manufacture and sell to the Assignor, and the Assignor agreed to purchase from the Manufacturer, a total of 300 General Electric diesel electric locomotives, including 50 General Electric Dash 9-44CW diesel electric locomotives;

WHEREAS, the Assignor, on the terms and conditions hereinafter set forth, is willing to assign to the Assignee certain of the Assignor's rights and interests under the Purchase Agreement, and the Assignee is willing to accept such assignment, as hereinafter set forth, in order to enable the Assignee to purchase the Items of Equipment (as hereinafter defined) from the Manufacturer;

WHEREAS, it is the Assignee's intention, immediately following the purchase thereof from the Manufacturer, to lease the Items of Equipment to the Assignor pursuant to the Lease Agreement (as hereinafter defined); and

WHEREAS, pursuant to the provisions hereof, the Manufacturer is willing to execute and deliver to the Assignee the "Consent, Agreement and Limited Joinder (CSXT 1994-B)" attached hereto as Annex A and made a part hereof;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and intending to be legally bound hereby, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

1.1 For all purposes of this Agreement, the following terms shall have the following meanings:

"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 the Lessor and the Lessor leases the Items of Equipment to the Assignor pursuant to the Lease Agreement.

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

"Equity Participation Agreement" means the Equity Participation Agreement (CSXT 1994-B) dated as of March 31, 1994 between the Assignor, as Lessee, and the Assignee, as Lessor, and all annexes, exhibits, schedules and supplements thereto, all as amended, modified or supplemented from time to time.

"Item of Equipment" means each of the General Electric Dash 9-44CW diesel electric locomotives listed by Lessee's road numbers in the initial Lease Supplement.

"Lease Agreement" means the Lease Agreement (CSXT 1994-B) dated as of March 31, 1994 between the Lessor and the Assignor, as Lessee, and all annexes, exhibits, schedules and supplements thereto, all as amended, modified or supplemented from time to time.

"Lease Supplement" means the Lease Supplement (CSXT 1994-B), substantially in the form of Exhibit A to the Lease Agreement, to be entered into between the Lessor and the Assignor, as Lessee, for the purpose of leasing the Items of Equipment under and pursuant to the terms of the Lease Agreement, and any amendment to the Lease Supplement.

"Manufacturer" means General Electric Company, a New York corporation, and its successors and assigns.

"Purchase Agreement" means the agreement dated December 29, 1993, between the Manufacturer and the Assignor, providing, among other things, for the manufacture and sale by the Manufacturer to the Assignor of a total of 300 General Electric diesel electric locomotives, as such Purchase Agreement has been or may hereafter be amended, modified or supplemented.

"Purchase Price" means \$31,551,170.

1.2 Except as otherwise provided herein, all other capitalized terms that are used herein but not defined herein shall have the meanings set forth in Appendix X hereto for all purposes of this Agreement.

SECTION 2. ASSIGNMENT AND SALE

2.1 Subject to the terms and conditions of this Agreement, the Assignor does hereby assign, transfer and set over unto the Assignee all of the Assignor's rights and interests in and to the Purchase Agreement as and to the extent that the same relate to the Items of Equipment (except to the extent reserved below), including, without limitation:

(a) the right upon valid tender by the Manufacturer to purchase the Items of Equipment pursuant to the Purchase Agreement (including the right to accept delivery of the Items of Equipment and the records and other documents relating thereto), the right to take title to the Items of Equipment and the right to be named the "Buyer" in the Bill of Sale to be delivered by the Manufacturer for the Items of Equipment pursuant to the Purchase Agreement;

(b) all claims for damages in respect of the Items of Equipment arising as a result of any default by the Manufacturer under the Purchase Agreement including, without limitation, all warranty and indemnity provisions contained in the Purchase Agreement, and all claims arising under or in connection with the Purchase Agreement, in respect of the Items of Equipment;

(c) any and all rights of the Assignor to compel performance of the terms of the Purchase Agreement in respect of the Items of Equipment;

(d) all rights and remedies that the Assignor may have against the Manufacturer with regard to each Item of Equipment in respect of any warranty under the Purchase Agreement as to title, materials, workmanship, patent infringement or otherwise;

(e) with respect to the Items of Equipment, for so long as the Items of Equipment are owned by the Assignee but not leased to the Assignor, (i) the right to demand, accept and retain all rights in and to all property (other than the Items of Equipment), data and services that the Manufacturer is obligated to provide or does provide pursuant to the Purchase Agreement, and (ii) the right to obtain services pursuant to the Purchase Agreement;

reserving to the Assignor, however,

(i) all the rights to, interests in, credits for and repayment of any advance payments made and to be made in respect of the Items of Equipment under the Purchase Agreement and any other payments made or to be made by the Assignor in respect of the Items of Equipment under the Purchase Agreement and amounts credited or to be credited by the Manufacturer under the Purchase Agreement; and

(ii) with respect to the Items of Equipment, so long as the Items of Equipment are leased to the Assignor pursuant to the Lease Agreement, (A) the right to demand, accept and retain all rights in and to all property (other than the right to retain title to the Items of Equipment), data and services that the Manufacturer is obligated to provide or does provide pursuant to the Purchase Agreement, and (B) the right to obtain services pursuant to the Purchase Agreement.

2.2 The Assignee hereby accepts the foregoing assignment, subject to the terms hereof.

2.3 Notwithstanding the foregoing, so long as the Lessor has not declared the Lease Agreement to be in default pursuant to Section 15 thereof, and after such declaration if and so long as all Events of Default thereunder have been cured in accordance with the Lease Agreement, the Assignee hereby authorizes the Assignor to exercise to the exclusion of the Assignee, and the Assignor shall exercise in the Assignor's name, all rights and powers of the "Buyer" under the Purchase Agreement including, without limitation, the right to retain any recovery or benefit resulting under the Purchase Agreement in respect of the Items of Equipment, except that;

(a) the Assignor may not exercise any of the rights assigned hereunder referred to in clause (a) of Section 2.1 unless prior to the exercise thereof the Assignee shall have delivered on the Delivery Date to the Manufacturer written notice that the Assignee has released such rights with respect to the Items of Equipment; and

(b) the Assignor shall not enter into any change order or other amendment, modification or supplement to the Purchase Agreement without the prior written consent of the Assignee if such change order, amendment, modification or supplement would:

(i) substitute another diesel locomotive for an Item of Equipment that the Assignee is entitled to purchase under the Purchase Agreement;

(ii) increase the purchase price of the Items of Equipment to an amount in excess of the Purchase Price;

(iii) postpone the Delivery Date beyond March 31, 1994 (without prejudice to the operation of Section 7); or

(iv) except as provided in the Purchase Agreement, result in any rescission, cancellation or termination of the Purchase Agreement.

2.4 Notwithstanding any provision herein to the contrary, the assignment set forth in Section 2.1 (b), (c), (d) and (e) shall terminate with respect to any Item of Equipment, and all such rights and remedies thereunder with respect to such Item of Equipment shall revert to the Assignor, upon the purchase by the Assignor of such Item of Equipment pursuant to Section 9, 10, 15 or 19 of the Lease Agreement.

2.5 It is understood that the execution by the Assignor of this Agreement is subject to the condition that concurrently with the delivery of the Items of Equipment, the Lessor shall purchase the Items of Equipment and lease the same to the Assignor under the Lease Agreement.

SECTION 3. PERFORMANCE

3.1 It is expressly agreed that, anything herein contained to the contrary notwithstanding:

(a) prior to the Delivery Date the Assignor shall secure execution by the Manufacturer of the "Consent, Agreement and Limited Joinder" attached as Annex A hereto;

(b) prior to the Delivery Date the Assignor shall perform the obligations to be performed by it with respect to each Item of Equipment under the Purchase Agreement on or before the Delivery Date;

(c) the Assignor shall be entitled to exercise its rights and shall perform its obligations under the Purchase Agreement to the extent that such rights and obligations have not been assigned hereunder;

(d) subject to clause (e) of this Section 3.1, the Assignor will at all times remain liable to the Manufacturer under the Purchase Agreement to perform all the duties and obligations of the "Buyer" thereunder to the same extent as if this Agreement had not been executed;

(e) the exercise by the Assignee of any of the rights assigned or performance of the duties or obligations assumed hereunder will not release the Assignor from any of its duties or obligations to the Manufacturer under the Purchase Agreement, except to the extent that such exercise by the Assignee will constitute performance of such duties and obligations; and

(f) except as provided in Sections 3.5 and 4 below, the Assignee will not have any obligation or liability under the Purchase Agreement (including, in particular but without limitation, any liability under the Purchase Agreement for payment of any taxes referred to therein, the obligation for the payment of which will remain with the Assignor as provided in paragraph (d), above) by reason of, or arising out of or in connection with, this Agreement or be obligated to perform any of the obligations or duties of the Assignor under the Purchase Agreement or to make any payment (other than to pay to the Manufacturer an amount equal to the Purchase Price on the Delivery Date, to the extent and upon the terms and conditions set forth in the Purchase Agreement, this Agreement and the Consent, Agreement and Limited Joinder) or to make any inquiry as to the sufficiency of any payment received by it or to present or file any claim or to take any other action to collect or enforce a claim for any payment assigned hereunder.

3.2 Nothing contained herein will subject the Manufacturer to any liability to which it would not otherwise be subject under the Purchase Agreement or modify in any respect the Manufacturer's contract rights thereunder nor require the Manufacturer to transfer

title to or possession of the Items of Equipment prior to receipt of payment in full of the Purchase Price therefor as provided in the Purchase Agreement.

3.3 The Assignor hereby appoints and constitutes, effective upon the occurrence of an Event of Default under the Lease Agreement and so long as such Event of Default is continuing thereunder, the Assignee, and its successors and assigns, the Assignor's true and lawful attorney, irrevocably, with full power (in the name of the Assignor or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all monies and claims for monies due and to become due under or arising out of or in connection with the Purchase Agreement to the extent that the same have been assigned by this Agreement and, for such period as the Assignee may exercise rights with respect thereto under this Agreement, to endorse any checks, drafts, orders or other instruments in connection therewith and to file any claims or take any action or institute (or, if previously commenced, assume control of) any proceedings and to obtain any recovery in connection therewith that the Assignee may deem to be necessary or advisable with respect to such monies and claims for monies.

3.4 (a) Any notice, declaration, instruction, demand, request, consent, approval or other communication (a "communication") to be made under or pursuant to this Agreement will be made only in writing and may be given by airmail, telegram, cable, telecopy or telefax or any other customary means of communication, and any such communication shall be effective when delivered (i) if to the Manufacturer, at General Electric Company, Transportation Systems Business Operations, 2901 East Lake Road, Erie, PA 16531, Attention: General Counsel, Transportation Systems Business Operation, Telecopy/Telefax: 814-875-2724, or at such address as Manufacturer may from time to time designate and the Manufacturer shall be entitled and obligated to treat any such communication made by the Assignee as a communication for all purposes of this Agreement, (ii) if to Assignor, at 500 Water Street, Jacksonville, Florida 32202, Attention: Treasurer, Telecopy/Telefax: (904) 359-1109, or at such address as Assignor may from time to time designate, and (iii) if to Assignee, 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, Telecopy/Telefax: 81-3-3281-0215, or at such other address as Assignee may from time to time designate.

(b) The Manufacturer will not be deemed to have knowledge of, and need not recognize, the occurrence, continuance, or discontinuance of an Event of Default under the Lease Agreement or any Item of Equipment being no longer subject to the Lease Agreement unless the Manufacturer has received from the Lessor written notice thereof, and in acting in accordance with the terms and conditions of the Purchase Agreement and this Agreement, the Manufacturer may rely conclusively upon any such notice. To the extent that the Assignee asserts any claims or exercises any rights under the Purchase Agreement at any time after the Manufacturer has received from the Lessor written notice of an Event of Default but shall not have received written notice from the Lessor that all Events of Default have been remedied or waived, the Manufacturer will deal solely and exclusively with the Assignee as the "Buyer"

under the Purchase Agreement. Promptly after all Events of Default under the Lease Agreement have been remedied or waived and such Item of Equipment once again becomes subject to the terms of the Lease Agreement, the Lessor shall give written notice of the same to the Manufacturer, with a copy to the Assignor and upon the Manufacturer's receipt of such notice, the Assignor will have all of the rights that it has hereunder and under the Consent, Agreement and Limited Joinder in the absence of notice from the Assignee of an Event of Default.

3.5 Without in any way releasing the Assignor from any of its duties or obligations under the Purchase Agreement, the Assignee confirms for the benefit of the Manufacturer that, insofar as the provisions of the Purchase Agreement relate to the Items of Equipment, in exercising any rights under the Purchase Agreement or in making any claim with respect to any Item of Equipment or other goods or services delivered or to be delivered pursuant to the Purchase Agreement, the terms and conditions of the Purchase Agreement, including, without limitation, the assignment provision will apply to and be binding upon the Assignee to the same extent as the Assignor; provided, however, that nothing contained in this Agreement will in any way diminish or limit the provisions of the Assignor's agreement in Section 8 below with respect to any liability of the Assignee.

SECTION 4. PAYMENTS

4.1 Subject to the satisfaction or waiver by the Assignee of the conditions set forth in Section 4 of the Debt Participation Agreement required to be satisfied on or prior to the Delivery Date and further subject to Section 7 hereof, the Assignee agrees to pay on the Delivery Date to the Manufacturer, in consideration for the transfer of all the right, title and interest in and to the Items of Equipment in accordance herewith, the Purchase Price by transfer of the amount thereof to the account specified by the Manufacturer.

4.2 Notwithstanding any other provision herein, in the event that any change in any applicable law, rule or regulation or in the interpretation or administration thereof will make it unlawful for the Assignee to pay or fund the Purchase Price, then the Assignee will forthwith notify the Assignor thereof, and the obligation of this Agreement, including that of the Assignee to pay the Purchase Price pursuant to Section 4.1, will, if such payment has not been made, cease to have any effect and this Agreement will be terminated without further force or effect, except that the Assignor will remain responsible to the Manufacturer under Sections 3.1(d) and (e) of this Agreement and except that such termination will not affect the obligations of the Assignor under the Purchase Agreement.

SECTION 5. FURTHER INSTRUMENTS

Each party hereto agrees that at any time and from time to time, upon the written request of the other party hereto, such party will promptly and duly execute and deliver any

and all such further instruments and documents and take such further action as the other party may reasonably request in order to obtain the full benefits of this Agreement and of the rights and powers herein granted.

SECTION 6. REPRESENTATIONS, WARRANTIES AND COVENANTS

6.1 The Assignor hereby represents and warrants that:

(a) a true and complete copy of the Purchase Agreement has been furnished to the Assignee;

(b) the Purchase Agreement is in full force and effect with respect to it and is enforceable against it in accordance with its terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(c) the Assignor is not in default under the Purchase Agreement; and

(d) the Assignor has not assigned, mortgaged, charged, pledged or encumbered the whole or any part of the rights assigned hereby with respect to any or all of the Items of Equipment under the Purchase Agreement to anyone other than the Assignee.

6.2 The Assignor hereby covenants that:

(a) the Assignor shall not assign, mortgage, charge, pledge or encumber, so long as this Agreement remains in effect, the whole or any part of the rights hereby assigned with respect to any or all of the Items of Equipment under the Purchase Agreement to anyone other than the Assignee and as contemplated by the Indenture; and

(b) upon delivery of the Items of Equipment to the Assignee pursuant to the Purchase Agreement and this Agreement, the Assignee will acquire such title to the Items of Equipment as would have been conveyed to the Assignor under the Purchase Agreement but for the execution of this Agreement and that the Items of Equipment will be free and clear of all liens arising from any act of the Assignor.

6.3 The Assignee hereby covenants and agrees not to disclose the provisions of the Purchase Agreement to any third party, other than its professional advisers or any transferee or assignee (including the Indenture Trustee) of the Assignee in accordance with the Operative Documents, except (a) as required by applicable law or governmental regulation or (b) with the prior written consent of the Assignor and the Manufacturer. The Assignee further covenants and agrees to promptly notify the Assignor in writing of any disclosure made pursuant to clause (a) above or other than in accordance with this Section 6.3. Any disclosure

to a professional adviser or a transferee of the Assignee shall be subject to the condition that the entity to which the information is disclosed shall have first agreed to be subject to obligations of nondisclosure with respect to such information substantially the same as those contained herein. The covenant of Assignee contained in this Section 6.2 shall survive any transfer of Assignee's interest in and to the Purchase Agreement pursuant to the provisions of Section 9.2 hereof.

SECTION 7. TERMINATION

7.1 Upon the occurrence of an Event of Default under the Lease Agreement, or if the Items of Equipment have not been delivered by March 31, 1994, the Assignee will have the right to terminate this Agreement by notice given to the Assignor, the Lessor and the Manufacturer.

7.2 If any of the conditions set forth in Section 3 of the Equity Participation Agreement are not satisfied or waived as of the Delivery Date, the Assignee will have the right to terminate this Agreement by notice to the Assignor and the Manufacturer, whereupon the Assignee will have no further obligation to the Assignor or the Manufacturer hereunder.

7.3 If the Assignee fails to perform its obligation to purchase the Items of Equipment on the Delivery Date, the Assignor will have the right to terminate this Agreement by giving written notice thereof to the Assignee and the Manufacturer.

7.4 Upon such termination neither party will have any further obligations hereunder, except that the Assignor will remain responsible to the Manufacturer under Sections 3.1(d) and (e) of this Agreement.

SECTION 8. [RESERVED]

SECTION 9. MISCELLANEOUS

9.1 This Agreement will be governed by and construed in accordance with the laws of the State of New York.

9.2 Except as otherwise provided in the Operative Documents, neither party may assign any of its rights and obligations under this Agreement without the prior written consent of the other and, in the case of the Assignee, the prior written consent of the Manufacturer.

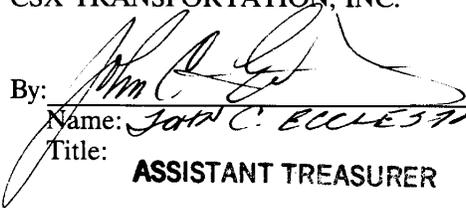
9.3 This Agreement shall be binding upon and (subject to Section 9.2 hereof) shall inure to the benefit of the Assignor, the Assignee and their respective successors and assigns.

9.4 Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

9.5 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 either party hereto, shall be an original counterpart of this Agreement but all such counterparts together shall constitute one instrument.

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

CSX TRANSPORTATION, INC.

By: 
Name: *John C. Eccleston*
Title: **ASSISTANT TREASURER**

PACIFIC LOCOMOTIVE LEASE CO., LTD.

By: 
Name: *Leonard B. Shavel*
Title: Vice President

STATE OF NEW YORK :
 : SS
COUNTY OF NEW YORK :

On this, the 30th day of March, 1994, before me, a notary public, personally appeared LEONARD B. SHAVE, to me personally known, who being by me duly sworn, says that he is the Vice President of Pacific Locomotive Lease Co., Ltd., that said instrument was executed on March 30th, 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
30 day of March, 1994.

(NOTARIAL SEAL)

Anna Tsui
Notary Public

My Commission Expires:

ANNA TSUI
Notary Public, State of New York
No. 31-5024138
Qualified in New York County
Commission Expires Feb. 28, 1996

ASSIGNMENT AGREEMENT - PACIFIC

STATE OF *Florida* :
COUNTY OF *Duval* : SS

On this, the 29th day of March, 1994, before me, a notary public, personally appeared John C. Eckleston, to me personally known, who being by me duly sworn, says that he is the Assistant Treasurer, of CSX Transportation, Inc., that said instrument was executed on March 29th 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
29th day of March, 1994.

(NOTARIAL SEAL)

Howard Michael Lee
Notary Public

My Commission Expires: July 28, 1995

Annex A

CONSENT, AGREEMENT AND LIMITED JOINDER (CSXT 1994-B)

THIS CONSENT, AGREEMENT AND LIMITED JOINDER (CSXT 1994-B), dated as of March 31, 1994, among GENERAL ELECTRIC COMPANY (the "Manufacturer"), a New York corporation, CSX TRANSPORTATION, INC., a Virginia corporation (the "Assignor"), and PACIFIC LOCOMOTIVE LEASE CO., LTD., a corporation organized under the laws of the Cayman Islands (the "Assignee").

In connection with the Assignment Agreement (CSXT 1994-B) dated as of March 31, 1994 between Assignor and Assignee attached hereto (the "Assignment Agreement," capitalized terms used but not defined herein shall have the meanings given to them in the Assignment Agreement), the Manufacturer hereby acknowledges notice of and consents to all of the terms of the Assignment Agreement to the extent relating to the assignment by the Assignor of its rights and interests under the Purchase Agreement and hereby confirms to the Assignee that:

(i) all representations, warranties, indemnities and agreements of the Manufacturer under the Purchase Agreement with respect to the Items of Equipment will (subject to the terms and conditions thereof and of the Assignment) inure to the benefit of the Assignee to the same extent as if originally named the "Buyer" therein, except as otherwise provided in Section 2 of the Assignment Agreement;

(ii) the Assignee will not be liable for any of the obligations or duties of the Assignor under the Purchase Agreement, nor will the Assignment Agreement give rise to any duties or obligations whatsoever on the part of the Assignee owing to the Manufacturer except for the Assignee's agreement in the Assignment Agreement to pay the Purchase Price and to the effect that in exercising any right under the Purchase Agreement with respect to any Item of Equipment or making any claims with respect to any Item of Equipment or the goods and services delivered and to be delivered pursuant to the Purchase Agreement, the terms and conditions of such Purchase Agreement relating to such Item of Equipment will apply to, and be binding upon, the Assignee to the same extent as the Assignor;

(iii) the Manufacturer will continue to pay to the Assignor all payments that the Manufacturer may be required to make in respect of each Item of Equipment under the Purchase Agreement unless and until the Manufacturer has received written notice from the Lessor that the Lessor has declared the Lease Agreement to be in default, whereupon the Manufacturer will, until the Lessor notifies the Manufacturer in writing that no Event of Default exists under the Lease Agreement, make any and all payments that Manufacturer may be required thereafter to make in respect of each Item of Equipment under the Purchase Agreement and the right to receive which has been assigned under the Assignment Agreement, directly to the Assignee;

(iv) the Manufacturer agrees promptly to notify the Assignee and the Assignor in writing of any assignment of the Manufacturer's rights and obligations under the Purchase Agreement, or the Manufacturer's title to the Items of Equipment, to a third party, and

(v) from and after the delivery of the Items of Equipment and payment in full therefor pursuant to the terms of the Purchase Agreement, the Manufacturer will not assert any lien or claim that arose prior to such delivery or payment against the Items of Equipment or any part thereof.

The Manufacturer hereby represents and warrants that:

(a) the Manufacturer is a corporation duly organized and validly existing in good standing under the laws of the State of New York;

(b) the execution, delivery and performance of the Purchase Agreement and this Consent, Agreement and Limited Joinder have been duly authorized by all necessary corporate action on the part of the Manufacturer, do not require any shareholder approval and do not contravene the Manufacturer's Articles of Incorporation or By-laws or any indenture, credit agreement or other contractual agreement to which the Manufacturer is a party or by which it is bound; and

(c) except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally, and by general principles of equity, the Purchase Agreement constitutes a binding obligation of the Manufacturer enforceable against the Manufacturer in accordance with its terms and this Consent, Agreement and Limited Joinder is a binding obligation of the Manufacturer enforceable against the Manufacturer in accordance with its terms.

Any notices, demands, requests, consents, approvals, other communications or payments required under this Consent, Agreement and Limited Joinder shall be given or made in accordance with Section 3.4 of the Assignment Agreement.

It is understood that the execution by the Manufacturer of this Consent, Agreement and Limited Joinder is subject to the condition that concurrently with the delivery of the Items of Equipment to the Assignee on the Delivery Date the Assignee sell the Items of Equipment to the Lessor, who will lease the Items of Equipment to the Assignor under the Lease Agreement.

The Manufacturer joins in the Assignment Agreement solely for the purpose of obtaining the benefits of the provisions in the Assignment Agreement relating to the Manufacturer, including without limitation Sections 3.1(d) and (e), 3.2, 3.4(b), 3.5, 4.1 and 7.4.

IN WITNESS WHEREOF and intending to be legally bound hereby, the undersigned have executed this Consent, Agreement and Limited Joinder as of the date first written above.

GENERAL ELECTRIC COMPANY

By: _____
Name: Robert J. Koontz
Title: Manager, Americas Marketing

CSX TRANSPORTATION, INC.

By: _____
Name:
Title:

DEFINITIONS
APPENDIX X

CSX TRANSPORTATION, INC.
PACIFIC LOCOMOTIVE LEASE CO., LTD.
FINANCING OF TWENTY-THREE GENERAL ELECTRIC DASH 9-44CW
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 Agreement" means the Assignment Agreement (CSXT 1994-B), dated as of March 31, 1994, between Lessee, as assignor, and Lessor, as assignee, including the Consent and Agreement annexed thereto, as such Assignment Agreement may hereafter be amended, modified or supplemented.

"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.

"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 Manufacturer 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, Jacksonville, Florida, 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 6.38% Pass Through Trust Certificates, Series 1994-A1, and those 7.01% Pass Through Trust 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 6.38% Certificates of Participation Series A1, and those 7.01% 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.

"Consent and Agreement" means the Consent, Agreement and Limited Joinder of the Manufacturer, dated as of March 31, 1994, annexed to the Assignment Agreement, as such Consent and Agreement may hereafter be amended, modified or supplemented.

"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 (CSXT 1994-B), dated as of March 31, 1994, among the Custodian, Lessor and Lessee.

"Debt Participation Agreement" means the Debt Participation Agreement (CSXT 1994-B), dated as of March 31, 1994, among the Indenture Trustee, the Pass Through Trustee, the Lessor and the Lessee, 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 under the Assignment Agreement and the Purchase Agreement 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 February 24, May 24, August 24 and November 24, and March 24, 2008, until payment of all the Scheduled Payments to be made under the Equipment Certificates has been made, commencing on May 24, 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 Series 1 Equipment Certificate, and that certain 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 (CSXT 1994-B), dated as of March 31, 1994, between the Lessor and the Lessee, 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 (CSXT 1994-B), dated as of March 31, 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 (CSXT 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.

"Interim User Agreement Termination Statement" shall mean the Partial Termination of Lease dated as of March 30, 1994 among the Manufacturer, the Lessee and the Baltimore and Ohio Chicago Terminal Railroad Company ("B&OCT") providing for the termination of the Interim User Agreement dated as of February 1, 1994 among the Manufacturer, the Lessee and B&OCT, relating to the Items of Equipment.

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

"Item of Equipment" means (i) each of the General Electric Dash 9-44CW diesel electric locomotives (or an improved model of the same Manufacturer) listed by Lessee's road numbers 9030 through 9052 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 (CSXT 1994-B), relating to the Items of Equipment, dated as of March 31, 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 (CSXT 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.

"Lease Termination Event" shall mean any of the events described in Section 9 of the Lease which permits or requires termination of the Lease.

"Lease Termination Notice" shall mean any notice specifying a Lease Termination Event given pursuant to Section 9 of the Lease.

"Lessee" means CSX Transportation, Inc., a Virginia 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 Pacific 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 (CSXT 1994-B), dated as of March 31, 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 \$1,371,790.00.

"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 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 January 12, 1999 for the Series 1 Equipment Certificates and October 2, 2005 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 quarterly 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 Electric Company, a New York 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 (CSXT 1994-B), dated as of March 31, 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 Agreement, the Consent and Agreement, 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, 8.01% 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, 5.49% 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 CSX Transportation, Inc. 1994-A1 Pass Through Trust created pursuant to the Pass Through Trust Agreement (CSXT 1994-A1), or the CSX Transportation, Inc. 1994-A2 Pass Through Trust created pursuant to the Pass Through Trust Agreement (CSXT 1994-A2).

"Pass Through Trust Agreement" means, as applicable, the Pass Through Trust Agreement (CSXT 1994-A1) or the Pass Through Trust Agreement (CSXT 1994-A2), each dated as of March 24, 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 (CSXT 1994-B), dated as of March 31, 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 Agreement" means the agreement dated December 29, 1993, between the Manufacturer and Lessee, providing, among other things, for the manufacture and sale by the Manufacturer to Lessee of a total of 300 General Electric diesel electric locomotives, as such Purchase Agreement has been or may hereafter be amended, modified or supplemented.

"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 February 24, May 24, August 24 and November 24 of each year during the Lease Term, and March 24, 2008, 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 Electric Dash 9-44CW 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.

"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 24th 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 24th 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 104.06 (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: Pacific Locomotive Lease Co., Ltd., Account Number: Non-resident Free Yen Account No. 8295109.

"Yen Deposit Agreement" means the Yen Deposit Agreement, dated March 31, 1994, between the Lessee and Midland Bank plc.