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RECORDATION NO. 18133/B FILED 1425
FEB 2 6 1993 10-30 AM
INTERSTATE COMMERCE COMMISSION

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RECORDATION NO. 18133/ FILED 1425
RECORDATION NO. 18133-A FILED 1425
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INTERSTATE COMMERCE COMMISSION

February 26, 1993

RECORDATION NO. 18133 FILED 1425
FEB 2 6 1993 10-30 AM
INTERSTATE COMMERCE COMMISSION

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

Re: Lease of Locomotives from Erie Locomotive Lease Co., Ltd. to Consolidated Rail Corporation

Dear Mr. Strickland:

Enclosed are an original and two originally executed counterparts of the two primary documents described below and the four secondary documents which also are described below. The secondary documents described as item numbers 1, 2 and 3 below are related to the primary document described as item 1 below. The secondary document described as item 4 below is related to the primary document described as item 2 below. All of the enclosed documents are to be recorded pursuant to Section 11303, Title 49, of the United States Code.

The enclosed primary documents are:

(1) Lease Agreement (Conrail 1993-B), dated as of February 26, 1993, between Erie Locomotive Lease Co., Ltd., as lessor, and Consolidated Rail Corporation, as lessee.

(2) Trust Indenture and Security Agreement (Conrail 1993-3), dated as of February 26, 1993, among Erie Locomotive Lease Co., Ltd., as lessor, Consolidated Rail Corporation, as lessee, and U.S. Trust Company of California, N.A., as indenture trustee.

The enclosed secondary documents are:

(1) Lease Supplement No. 1 (Conrail 1993-B), dated as of February 26, 1993, between Erie Locomotive Lease Co., Ltd., as lessor, and Consolidated Rail Corporation, as lessee.

The primary document to which this Lease Supplement is connected is being submitted for recording concurrently herewith.

(2) Assignment Agreement - GE (Conrail 1993-B), dated as of February 26, 1993, between Consolidated Rail Corporation, as assignor, and Erie Locomotive Lease Co., Ltd., as assignee. The primary document to which this Assignment Agreement is connected is being submitted for recording concurrently herewith.

(3) Assignment Agreement - GM (Conrail 1993-B), dated as of February 26, 1993, between Consolidated Rail Corporation, as assignor, and Erie Locomotive Lease Co., Ltd., as assignee. The primary document to which this Assignment Agreement is connected is being submitted for recording concurrently herewith.

(4) Indenture Supplement (Conrail 1993-3), dated as of February 26, 1993 among Erie Locomotive Lease Co., Ltd., as lessor, Consolidated Rail Corporation, as lessee, and U.S. Trust Company of California, N.A., as indenture trustee. The primary document to which this Indenture Supplement is connected is being submitted for recording concurrently herewith.

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

<u>Lease Agreement</u>

Lessor:
Erie Locomotive Lease Co., Ltd.
Caledonian House
Mary Street
P.O. Box 1043
George Town, Grand Cayman
Cayman Islands

Lessee:
Consolidated Rail Corporation
2001 Market Street
P.O. Box 41425
Philadelphia, Pennsylvania 19101-1425

Lease Supplement No. 1

A

Lessor:
Erie Locomotive Lease Co., Ltd.
Caledonian House
Mary Street
P.O. Box 1043
George Town, Grand Cayman
Cayman Islands

Lessee:
Consolidated Rail Corporation
2001 Market Street
P.O. Box 41425
Philadelphia, Pennsylvania 19101-1425

Assignment Agreement - GE

B

Assignor:
Consolidated Rail Corporation
2001 Market Street
P.O. Box 41425
Philadelphia, Pennsylvania 19101-1425

Assignee:
Erie Locomotive Lease Co., Ltd.
Caledonian House
Mary Street
P.O. Box 1043
George Town, Grand Cayman
Cayman Islands

C Assignment Agreement - GM

Assignor:
Consolidated Rail Corporation
2001 Market Street
P.O. Box 41425
Philadelphia, Pennsylvania 19101-1425

Assignee:
Erie Locomotive Lease Co., Ltd.
Caledonian House
Mary Street
P.O. Box 1043
George Town, Grand Cayman
Cayman Islands

D Trust Indenture and Security Agreement

Lessor:
Erie Locomotive Lease Co., Ltd.
Caledonian House
Mary Street
P.O. Box 1043
George Town, Grand Cayman
Cayman Islands

Lessee:
Consolidated Rail Corporation
2001 Market Street
P.O. Box 41425
Philadelphia, Pennsylvania 19101-1425

Indenture Trustee:
U.S. Trust Company of California, N.A.
555 South Flower Street, Suite 2700
Los Angeles, California 90071

E Indenture Supplement

Lessor:
Erie Locomotive Lease Co., Ltd.
Caledonian House Mary Street
P.O. Box 1043
George Town, Grand Cayman
Cayman Islands

Lessee:
Consolidated Rail Corporation
2001 Market Street
P.O. Box 41425
Philadelphia, Pennsylvania 19101-1425

Indenture Trustee:
U.S. Trust Company of California, N.A.
555 South Flower Street, Suite 2700
Los Angeles, California 90071

The description of the equipment covered by the aforesaid Lease, Lease Supplement, Assignment - GE and Assignment - GM is as follows:

Three General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6153 through 6155, both inclusive, and fourteen General Motors Corporation (Electro-

Motive Division) Model SD60M diesel electric motives bearing road numbers 5516 through 5529, both inclusive, each marked on the sides in letters not less than one inch in height with the words "Ownership Subject to Documents Filed with the Interstate Commerce Commission" and bearing a nameplate with the legible inscription "TITLE TO THIS LOCOMOTIVE IS HELD BY ERIE LOCOMOTIVE LEASE CO., LTD., THE LESSOR, WHICH HAS LEASED THIS LOCOMOTIVE TO CONSOLIDATED RAIL CORPORATION, AND SUCH TITLE IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF U.S. TRUST COMPANY OF CALIFORNIA, N.A., AS INDENTURE TRUSTEE".

Included in the property covered by the Trust Indenture and Security Agreement are (i) three (3) General Electric Dash 8-40CW diesel electric locomotives and fourteen (14) General Motors Corporation (Electro-Motive Division) Model SD60M diesel electric locomotives and all additions, alterations and modifications thereto or replacements of any part thereof, whenever made or performed or acquired and all other items of tangible personal property of any kind acquired by Erie Locomotive Lease Co., Ltd. in connection with the acquisition of the aforementioned locomotives, in each case whether acquired at the time of acquisition or thereafter acquired pursuant to the Lease or otherwise, (ii) certain rights of Erie Locomotive Lease Co., Ltd. in the Lease Agreement (Conrail 1993-B), dated as of February 26, 1993, between Erie Locomotive Lease Co., Ltd., as lessor, and Consolidated Rail Corporation, as lessee, the Assignment Agreement - GE (Conrail 1993-B), dated as of February 26, 1993, between Consolidated Rail Corporation, as assignor, and Erie Locomotive Lease Co., Ltd., as assignee, and the Assignment Agreement - GM (Conrail 1993-B), dated as of February 26, 1993, between Consolidated Rail Corporation, as assignor, and Erie Locomotive Lease Co., Ltd., as assignee, (iii) a bank account of Erie Locomotive Lease Co., Ltd. at U.S. Trust Company of California, N.A. and all amounts therein and (iv) all right, title and interest of Erie Locomotive Lease Co., Ltd. in and to all proceeds, rents, issues, profits, products, revenues and other income, from and on account of the property rights and privileges subjected or required to be subjected to the lien of the Trust Indenture and Security Agreement.

A fee of Ninety-six dollars ($96.00) is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to:

Stephen A. Jannetta, Esquire
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, PA 19103

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

1) Lease Agreement:
Lease Agreement (Conrail 1993-B), dated as of February 26, 1993, between Erie Locomotive Lease Co., Ltd., as lessor, Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands and Consolidated Rail Corporation, as lessee, 2001 Market Street, P.O. Box 41425, Philadelphia, Pennsylvania 19101-1425, covering three (3) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6153 through 6155, both inclusive, and fourteen (14) General Motors Corporation (Electro-Motive Division) Model SD60M diesel electric locomotives bearing road numbers 5516 through 5529, both inclusive.

2) Lease Supplement No. 1: Lease Supplement No. 1 (Conrail 1993-B), dated as of February 26, 1993, between Erie Locomotive Lease Co., Ltd., as lessor, Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands and Consolidated Rail Corporation, as lessee, 2001 Market Street, P.O. Box 41425, Philadelphia, Pennsylvania 19101-1425, covering three (3) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6153 through 6155, both inclusive, and fourteen (14) General Motors Corporation (Electro-Motive Division) Model SD60M diesel electric locomotives bearing road numbers 5516 through 5529, both inclusive.

3) Assignment Agreement - GE: Assignment Agreement - GE (Conrail 1993-B), dated as of February 26, 1993, between Consolidated Rail Corporation, as assignor, 2001 Market Street, P.O. Box 41425, Philadelphia, Pennsylvania 19101-1425, and Erie Locomotive Lease Co., Ltd., as assignee, Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands, relating to the purchase of three (3) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6153 through 6155, both inclusive.

4) Assignment Agreement - GM: Assignment Agreement - GM (Conrail 1993-B), dated as of February 26, 1993, between Consolidated Rail Corporation, as assignor, 2001 Market Street, P.O. Box 41425, Philadelphia, Pennsylvania 19101-1425, and Erie Locomotive Lease Co., Ltd., as assignee, Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands, relating to the purchase of fourteen (14) General Motors Corporation (Electro-Motive Division) Model SD60M diesel electric locomotives bearing road numbers 5516 through 5529, both inclusive.

5) Trust Indenture and Security Agreement: Trust Indenture and Security Agreement (Conrail 1993-3), dated as of February 26, 1993, among Erie Locomotive Lease Co., Ltd., as lessor, Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands, and Consolidated Rail Corporation, as lessee, 2001 Market Street, P.O. Box 41425, Philadelphia, Pennsylvania 19101-1425, and U.S. Trust Company of California, N.A.,

as indenture trustee, 555 South Flower Street, Suite 2700, Los Angeles, California, 90071, securing lessor's obligations relating to three (3) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6153 through 6155, both inclusive, and fourteen (14) General Motors Corporation diesel electric locomotives bearing road numbers 5516 through 5529, both inclusive.

6) Indenture Supplement: Indenture Supplement (Conrail 1993-3), dated as of February 26, 1993, among Erie Locomotive Lease Co., Ltd., as lessor, Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands and Consolidated Rail Corporation, as lessee, 2001 Market Street, P.O. Box 41425, Philadelphia, Pennsylvania 19101-1425, and U.S. Trust Company of California, N.A., as indenture trustee, 555 South Flower Street, Suite 2700, Los Angeles, California, 90071, securing lessor's obligations relating to three (3) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6153 through 6155, both inclusive, and fourteen (14) General Motors Corporation diesel electric locomotives bearing road numbers 5516 through 5529, both inclusive.

If you have any questions, please do not hesitate to call the undersigned.

Very truly yours,

Stephen A. Jannetta

SAJ/wm
Enclosures

Interstate Commerce Commission

Washington, D.C. 20423

2/26/93

OFFICE OF THE SECRETARY

Stephen A. Jannetta
Morgan Lewis & Bockius
2000 One Logan Square
Philadelphia, PA. 19103

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 2/26/93 at 10:30am, and assigned re-recordation number(s). 18133, 18133-A 18133-B 18133-C, 18133-D & 18133E

Sincerely yours,

Sidney L. Strickland, Jr.

Secretary

SIDNEY L. STRICKLAND, JR.

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 18133 FILED 1425

FEB 26 1993 10:30 AM

INTERSTATE COMMERCE COMMISSION

[EXECUTION COPY]

LEASE AGREEMENT (CONRAIL 1993-B)

Between

ERIE LOCOMOTIVE LEASE CO., LTD.,
as Lessor

and

CONSOLIDATED RAIL CORPORATION,
as Lessee

Three General Electric Dash 8-40CW
Diesel Electric Locomotives

and

Fourteen General Motors Corporation (Electro-Motive Division)
Model SD60M Diesel Electric Locomotives

Dated as of February 26, 1993

5

CERTAIN RIGHTS, TITLE AND INTEREST IN AND TO THIS LEASE AGREEMENT AND TO THE ITEMS OF EQUIPMENT COVERED HEREBY ON THE PART OF ERIE LOCOMOTIVE LEASE CO., LTD. HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF U.S. TRUST COMPANY OF CALIFORNIA, N.A., AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE AND SECURITY AGREEMENT (CONRAIL 1993-3) DATED AS OF FEBRUARY 26, 1993. 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 U.S. TRUST COMPANY OF CALIFORNIA, N.A., 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 _____, 1993, 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 _____, 1993, at __:__ _.m.

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LEASE AGREEMENT (CONRAIL 1993-B)

This LEASE AGREEMENT (CONRAIL 1993-B), dated as of February 26, 1993, between ERIE 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 CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation with its principal place of business at 2001 Market Street, Philadelphia, Pennsylvania 19101-1417 (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. 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 Philadelphia, Pennsylvania 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. 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.

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 warrants that on the Delivery Date 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 regardless of any negligence 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, (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 through or under Lessor, other than the Indenture Trustee, 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 each

Item of Equipment, title thereto or any interest therein or in this Lease if the same shall arise at any time. If Lessor fails to take such action as is necessary duly to discharge any such Lessor's Lien that does or will materially 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 12.04 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, 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 necessary or useful 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, 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 any expiration or termination of this Lease, (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 after 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 at the sole risk and reasonable cost 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 preventative maintenance schedule with respect to such Item of Equipment, which will include testing appropriate thereto, repair and overhaul 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 and Canada 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 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 or Potential Event of Default shall have occurred and be continuing, and so long as the action to be taken does not and will not contemplate, permit, require, or result in the transfer of Lessor's ownership of or title 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, sublease any Item of Equipment to, or permit its use by, any user incorporated in the United States of America (or any state thereof or the District of Columbia), 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), 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 or use shall not continue beyond the end of the Term, (ii) Lessor's prior written consent, not to be unreasonably withheld, shall be obtained for any sublease or use that is for a term longer than 12 months, (iii) 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 area comprised of the United States and Canada, (iv) the rights of any transferee who receives possession by reason of a sublease or use permitted by this Section 7(e) shall be subject and subordinate to, and any sublease or other agreement related to use permitted by this Section 7(e) shall by the terms therein contained be made expressly subject and subordinate to, all the terms of this Lease and the Indenture, and (v) Lessee shall furnish to Lessor and the Indenture Trustee a copy of any such sublease or other agreement related to use promptly after its execution. No such sublease 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 (x) marked on each side of each Item of Equipment, in letters not less than one inch in height, the words "Ownership Subject to Documents Filed with the Interstate Commerce Commission," and (y) in the case of each Item of Equipment a nameplate bearing the legible inscription "TITLE TO THIS LOCOMOTIVE IS HELD BY ERIE LOCOMOTIVE LEASE CO., LTD., THE LESSOR, WHICH HAS LEASED THIS LOCOMOTIVE TO CONSOLIDATED RAIL CORPORATION AND SUCH TITLE IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF U.S. TRUST COMPANY OF CALIFORNIA, N.A., AS INDENTURE TRUSTEE," 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. Replacement and Pooling of Parts; Alterations, Modifications and Additions.

(a) Replacement of Parts. Lessee, at its own cost and expense, shall promptly replace or cause to be replaced all Parts which may from time to time be incorporated or installed in or attached to any Item of Equipment and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. In

addition, Lessee may, at its own cost and expense, remove or cause to be removed in the ordinary course of maintenance, service, repair, overhaul or testing, any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use; provided, that Lessee, except as otherwise provided in Section 8(b), shall, at its own cost and expense, replace or cause to be replaced such Parts as promptly as practicable. All replacement Parts shall be free and clear of all Liens (except for Permitted Liens), shall be subject to the Lien of the Indenture, and shall be in as good operating condition as, and shall have a value and utility at least equal to, the operating condition, value and utility that the Parts replaced would have had or been in had such replaced Parts been in the condition and repair required to be maintained by the terms of this Lease. All Parts at any time removed from any Item of Equipment shall remain the property of Lessor and shall remain subject to the Lien of the Indenture, no matter where located, until such time as such Parts shall be replaced by Parts which have been incorporated or installed in or attached to such Item of Equipment and which meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to such Item of Equipment as above provided, without further act, (i) ownership of and title to the replaced Part shall thereupon vest in Lessee, free and clear of all rights of Lessor and the Indenture Trustee, and shall cease to be a Part hereunder, (ii) ownership of and title to such replacement Part shall thereupon vest in Lessor, free and clear of all Liens (except Permitted Liens), and (iii) such replacement Part shall become subject to this Lease and to the Lien of the Indenture and be deemed part of such Item of Equipment for all purposes to the same extent as the Parts originally incorporated or installed in or attached to such Item of Equipment.

(b) Alterations, Modifications and Additions. Lessee, at its own expense, shall make or cause to be made such alterations and modifications of and additions to the Items of Equipment as may be required from time to time to meet the interchange rules of the Association of American Railroads, if applicable, and all Applicable Laws; provided, however, that Lessee may at its own expense, in good faith, contest the validity or application of any rule or Applicable Law in any reasonable manner that does not and will not adversely affect any Item of Equipment or the rights of Lessor or the Indenture Trustee therein or under this Lease or any other Operative Document. In addition, Lessee, at its own expense, may from time to time make or cause to be made such alterations and modifications of and additions to any Item of Equipment as Lessee may deem desirable in the proper conduct of its business, including, without limitation, removal of Parts which Lessee deems obsolete or no longer suitable or appropriate for use in an Item of Equipment (for purposes of this Section 8(b) called "Obsolete Parts"); provided, that no such alteration, modification, addition or removal shall materially diminish the value, utility, performance, or durability of such Item of Equipment or impair the condition thereof below the value, utility, performance, durability and condition that such Item of Equipment would have had or been in immediately prior to such alteration, modification, addition or removal had such Item of Equipment then been of the value, utility, performance and durability and in the condition required to be

maintained by the terms of this Lease, except that the value (but not the utility, performance, durability or condition) of the Item of Equipment may be reduced by the value of the Obsolete Parts which shall have been removed. Ownership of and title to all Parts incorporated or installed in or attached or added to an Item of Equipment as the result of such alteration, modification or addition shall, without further act, vest in Lessor and such Parts shall automatically be subject to the Lien of the Indenture. Lessor shall not be required under any circumstance to pay directly for any alteration, modification or addition to the Items of Equipment or to reimburse Lessee for the cost thereof. Notwithstanding the foregoing, so long as no Event of Default shall have occurred and be continuing, Lessee may, at any time during the Term, remove any Part; provided, that (i) such Part is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to such Item of Equipment at the time of delivery thereof hereunder or any Part in replacement of, or substitution for, any such Part, (ii) such Part is not required to be incorporated or installed in or attached or added to such Item of Equipment pursuant to the first sentence of this Section 8(b) and (iii) such Part can be removed from such Item of Equipment without materially diminishing the value, utility, performance or durability of such Item of Equipment or materially impairing the condition thereof below the value, utility, performance, durability and condition that such Item of Equipment would have had or been in had such Item of Equipment been in the condition and repair required by the terms of this Lease at the time of such removal had the addition of such Part not occurred. Upon the removal by Lessee of any Part as provided in the immediately preceding sentence or the removal of any Obsolete Part permitted by this Section 8(b), ownership thereof and title thereto shall, without further act, vest in Lessee, and such Part shall no longer be deemed part of the Item of Equipment from which it was removed and shall no longer be subject to the Lien of the Indenture. Any Part not removed by Lessee as provided in such sentence prior to the return of such Item of Equipment to Lessor hereunder shall remain the property of Lessor and subject to the Lien of the Indenture.

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 not be less than 30 and not more than 120 days following the date of delivery by Lessee to Lessor 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 days' notice to Lessor 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 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 at any time after the occurrence of a Lessor 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 Notes pursuant to the provisions of Section 4.01 of the Indenture. For the purposes of this Section 9(d)(ii), the Termination Date shall be the date on which the Equipment Notes 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 days' notice to Lessee specifying a Termination Date and the amount of the Tax referred to below, if as a result of a Change in Law a consumption, 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 under any other Operative Document; provided, that Lessee shall have the option to annul or prevent the termination of this Lease exercisable by a notice to Lessor, given within 10 days of receipt of Lessor's notice, constituting an indemnification arrangement satisfactory to Lessor, and in such event this Lease shall not terminate.

(iv) Lessor shall have the right at its option to terminate this Lease at any time upon not less than two nor more than 10 Business Days' notice to Lessee specifying a Termination Date.

(v) 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 specifying a Termination Date, if, by reason of the Lessor not being incorporated, managed and controlled in Japan, the individual interest of any Kumiai-in in all or any portion of the net income or net loss of the Lessor with respect to this Lease and the other transactions contemplated by the Operative Documents cannot or, in the opinion of nationally recognized tax counsel to Lessor, a copy of which shall be provided to Lessee, could not, be passed through to such Kumiai-in in proportion to such Kumiai-in's interest in the business of the Tokumei Kumiai, with respect to any tax period of any such Kumiai-in.

(e) Discharge and Conversion; Purchase of Items of Equipment.

(i) Upon any termination pursuant to Section 9(a), Lessee may acquire all (but not less than all) of the Items of Equipment by, as the purchase price for the Items of Equipment, paying to Lessor on 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 the Termination Date, and 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.

(ii) In the event of an occurrence which would result in a termination pursuant to Section 9(b) (except under the circumstances described in clause (iii) hereof, 9(c) (where the illegality arises under the laws of a jurisdiction other than Japan), or 9 (d)(ii), if certain 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 Notes 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 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 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 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(b)(ii) (where the Indemnified Taxes are imposed, withheld, levied or assessed by any government or taxing authority in Japan), Section 9(d)(iii), or 9(d)(v) if certain 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 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 Notes. If the conditions to Discharge and Conversion are not satisfied on or before 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 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(c) (where the illegality arises under the laws of Japan), 9(d)(i) or 9(d)(iv), if certain 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 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 Notes. If the conditions to Discharge and Conversion are not satisfied on or before 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 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 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.

(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. Upon the occurrence during the Term of an Event of Loss with respect to an Item of

Equipment, Lessee shall forthwith (and, in any event, within 15 days after such occurrence) give Lessor written notice of such Event of Loss 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 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 the Event of Loss, and in any event on or before the Business Day next preceding the 91st day next following the date of the occurrence of such Event of Loss, 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 30 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) 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) Not later than the 30th day after receipt of Lessor's certificate pursuant to clause (x) above, 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 and in the office of the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada;

(C) cause a precautionary financing statement or statements with respect to the Replacement Item of Equipment to be filed in such place or places as are necessary in order to evidence and perfect the interests of Lessor and the Indenture Trustee therein;

(D) furnish Lessor and the Indenture Trustee with evidence of compliance with the insurance provisions of Section 11 with respect to the Replacement Item of Equipment substantially similar to that furnished to Lessor and the Indenture Trustee at the time Lessor originally

leased the Item of Equipment to Lessee pursuant to Section 2;

(E) 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 good and marketable title to the Replacement Item of Equipment has been conveyed to Lessor, free and clear of all Liens other than Permitted Liens;

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

(G) furnish Lessor and the Indenture Trustee with a certificate of 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;

(H) 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

(I) 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 as provided herein, or if such replacement shall not have been effected by the 120th day following the Event of Loss, Lessee shall, as compensation for such Event of Loss, (x) pay to Lessor, on the Special Distribution Date occurring at least 120 days following Lessee's notice of such Event of Loss and occurring at least 35 days after Lessee's notice of its election not to perform pursuant to Section 10(a)(i), 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, (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 to compensate it for the loss of depreciation benefit with respect to such Item of Equipment that would otherwise have been available to Lessor in the period from the date of the Event of Loss to the date such Special Termination Payment is made, taking into account any depreciation benefit that is actually available, in an amount sufficient to preserve Lessor's after-tax yield, such amount to be calculated from the date such depreciation would have resulted in tax benefit to Lessor to the date such Special Termination Payment is made, such depreciation benefit to be calculated on the same assumptions (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 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, and all payments received by Lessor or Lessee from such governmental authority for the use of such Item of Equipment after such time shall be paid over to, or retained by, Lessor unless Lessee shall have fully performed the terms of Section 10(a) with respect to such Event of Loss, in which event all such payments 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 Potential Event of Default 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. Lessee will at all times prior to the return of all Items of Equipment to Lessor, as part of an insurance program including appropriate risk retention and self-insurance, and at its own expense, cause to be carried and maintained casualty insurance and public liability insurance in respect of the Items of Equipment in such amounts, against such risks and on such terms and conditions as is customarily obtained by Lessee in respect of similar equipment owned or leased by it. All policies with respect to such insurance shall (a) name Lessor and the Indenture Trustee as additional insureds and loss payees, (b) include waivers by the insurer of all claims for premiums against Lessor and the Indenture Trustee, (c) to the extent such insurance is available and is customarily obtained by Lessee in respect of similar equipment owned or leased by it, provide that in respect of the interests of Lessor and the Indenture Trustee in such policies the insurance shall not be invalidated by any action or inaction of Lessee and shall insure Lessor's and the Indenture Trustee's interests regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee and (d) provide that, if such insurance is canceled for any reason whatsoever, or any substantial change is made in the coverage which affects the interest of Lessor or the Indenture Trustee, or if such insurance is allowed to lapse for non-payment of premium, such cancellation, change or lapse shall not be effective as to Lessor or the Indenture Trustee for 30 days after receipt by Lessor or the Indenture Trustee, as the case may be, of written notice from such insurers of such cancellation, change or lapse (and Lessee shall provide 30 days' prior written notice to Lessor and the Indenture Trustee in any such event). Each such insurance policy shall provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of Lessee) shall operate in the same manner as if there were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by Lessor and the Indenture Trustee. Lessee shall, at its own expense, make all proofs of loss and take all other steps necessary to collect the proceeds of such insurance. On or before the Delivery Date, and annually not later than June 15th of each year with respect to public liability insurance and November 15th of each year with respect to casualty insurance, commencing on November 15, 1993 and June 15, 1993, Lessee shall furnish to Lessor and the Indenture Trustee a certificate of an independent insurance broker acceptable to Lessor and the Indenture Trustee evidencing the maintenance of the insurance required. Lessee shall furnish to Lessor and the Indenture Trustee certificates evidencing renewal of such policy or policies not later than 15 days after the expiration date of such policy or policies. Lessee shall furnish to Lessor and the Indenture Trustee a prompt telephonic notice of (and shall promptly confirm in writing) any material adverse change in Lessee's insurance program. In the event that Lessee shall fail to maintain insurance as herein provided, and has failed to obtain separate policies reasonably satisfactory to Lessor and the Indenture Trustee, either Lessor or the Indenture Trustee may at its option on five Business Days' prior written notice to Lessee and either Lessor or the Indenture Trustee, as the case may be, provide such insurance (giving Lessee prompt written notice thereof) and, in such event, Lessee shall, upon demand from time to time, reimburse Lessor or the Indenture Trustee as the

case may be, as Supplemental Rent, for the cost thereof together with interest on the amount of such cost from the date of payment of such cost to the date of such reimbursement at the Overdue Rate. Lessee shall, at its own expense, make all proofs of loss and take all other steps necessary to collect the proceeds of such insurance. If Lessor or the Indenture Trustee shall receive any insurance proceeds or condemnation payments in respect of any Item of Equipment suffering an Event of Loss, Lessor or the Indenture Trustee shall, subject to Lessee's having complied with the provisions of Section 10(a)(i) or (ii) hereof, as the case may be, in respect of such Item of Equipment and, provided that no Event of Default or Potential Event of Default shall have occurred and be continuing, pay such insurance proceeds or condemnation payments to Lessee. All insurance proceeds received by Lessor or the Indenture Trustee in respect of any Item of Equipment not suffering an Event of Loss shall be paid to Lessee upon proof satisfactory to Lessor and the Indenture Trustee that any damage to such Item of Equipment in respect of which such proceeds were paid has been fully repaired, provided that no Event of Default or Potential Event of Default shall have occurred and be continuing. Any amounts paid or payable to Lessor or the Indenture Trustee under the insurance required to be maintained pursuant to this Section 11 shall not be reduced on account of any amount which may be paid or payable to Lessor or the Indenture Trustee by reasons of claims made under any other policies of insurance under which Lessor or the Indenture Trustee is a beneficiary claimant. Notwithstanding the foregoing, neither the Lessor or the Indenture Trustee shall in any event be obligated to participate in the funding of any self-insurance program of Lessee. Lessor and the Indenture Trustee each shall have the right to carry insurance on the Items of Equipment for their own benefit; provided, that such insurance is carried at the expense of a Person other than Lessee.

Any amount referred to in the preceding paragraph 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 Potential Event of Default 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; provided, that if (i) any such amount has been so held by Lessor as security for more than 360 days, (ii) Lessee is not subject to a petition under the federal bankruptcy laws and (iii) Lessor shall not have exercised any remedy available to it under Section 15, then such amount shall be paid to Lessee.

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 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, and Lessee shall not incur any liability or obligation to Lessor by reason of the negligence of Lessor, or any of its authorized representatives during any such inspection. 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.

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

(i) the corporation formed by such reorganization, consolidation or into which Lessee is merged or which merges into Lessee 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 satisfactory to Lessor in its sole discretion, 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 reorganization, consolidation, merger, conveyance, transfer or lease;

(ii) immediately after giving effect to such transaction, no Event of Default or Potential Event of Default shall have occurred and be continuing;

(iii) 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 reorganization, 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 agreements entered into to effect such reorganization, consolidation, merger, conveyance, transfer or lease and the assumption agreement described in clause (i) above, are legal, valid and binding obligations of the Successor enforceable against the Successor in accordance with their 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, (C) all conditions precedent herein provided for relating to such transactions have been complied with and (D) such other matters relating to such reorganization, consolidation, merger, conveyance, transfer or lease as Lessor may reasonably request; and

(iv) such reorganization, consolidation or merger 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 reorganization, 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 reorganization, 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. No such transfer shall be effective until, and such transferee shall succeed to the rights of Lessor only upon, final 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 may 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 Notes and that Lessor has granted to the Indenture Trustee for the ratable benefit of the holders of the Equipment Notes 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 within 5 days after notice 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) Lessee shall fail to carry and maintain insurance on or with respect to the Items of Equipment in accordance with Section 11 or shall allow such insurance to lapse; provided, that in the case of insurance with respect to which cancellation, change or lapse for nonpayment of premium shall not be effective as to Lessor for 30 days after receipt of notice by Lessor of such cancellation, change or lapse, no such failure to carry and maintain insurance shall constitute an Event of Default until the earlier of (i) the date such failure shall have continued unremedied for a period of 20 days after receipt by Lessor of the notice of cancellation, change or lapse referred to in Section 11 hereof or (ii) the date on which such insurance is not in effect as to Lessor; 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; 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 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;

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 2001 Market Street, P.O. Box 41425, Philadelphia, Pennsylvania 19101-1425, Attention: Director-Financing, Telex: 62763476, Telecopy/Telefax: 010-1-215-209-5346, 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, Incorporated, Hills Plaza, 2 Harrison Street, 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 555 South Flower Street, Suite 2700, Los Angeles, California 90071-2429, Attention: Sandeé Parks, Telecopy/Telefax: (213) 488-4029, 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. 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. 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, 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 first 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 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) any breach of or failure to perform or observe, or any other non-compliance with, any covenant or agreement to be performed, or other obligation of Lessee under any of the Operative Documents, or the falsity or inaccuracy of any representation or warranty of Lessee in any of the Operative Documents;

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

(v) the Basic Termination Payment or Casualty Value Termination Payment paid with respect to any termination of the Lease being less than the principal and accrued interest payable on the Equipment Notes on such Termination Date.

(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 solely in clause (iii) of Section 20(c) which is attributable to the noncompliance with any of the terms of, or any misrepresentation contained in, 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; and

(vi) with respect to any particular Indemnified Person, any Claim described solely in clause (iv) 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.

(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 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 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 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. Lessee hereby waives and releases any Claim now or hereafter existing against any Indemnified Person arising out of death or personal injury to personnel of Lessee, loss or damage to property of Lessee, or the loss of use of any property of Lessee, which may result from or arise out of the condition or use or operation by any Person (other than use or operation by Lessor or its agents in contravention by Lessor or its agents of the provisions of Section 12 or 15(a)) of any Item of Equipment during the Term and the Initial Storage Period, if any, including without limitation, any latent or patent defect whether or not discoverable.

(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 shall immediately be paid over by Lessor to Lessee.

(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 Commonwealth of Pennsylvania. 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.

(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 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 Events of Default. Each of the following events shall constitute a Lessor 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.

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 U.S. Trust Company of California, N.A., as 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 U.S. Trust Company of California, N.A., 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:

ERIE LOCOMOTIVE LEASE
CO., LTD.

By _____
Name: F. Jan Blaustein
Title: President

LESSEE:

CONSOLIDATED RAIL CORPORATION

By _____
Name: Thomas J. McGraw
Title: Director - Financing

STATE OF CALIFORNIA :
SS
COUNTY OF SAN FRANCISCO:

On this, the 25 day of February, 1993, before me, a notary public, personally appeared F. Jan Blaustein, to me personally known, who being by me duly sworn, says that she is the President of Erie Locomotive Lease Co., Ltd., that said instrument was executed on February 25, 1993 on behalf of said corporation by authority of its Board of Directors, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

OFFICIAL SEAL
KATHLEEN ALDERFER
Notary Public-California
SAN FRANCISCO COUNTY
My Comm. Exp. Oct. 17, 1993

(NOTARIAL SEAL)

Sworn to before me this
25 day of February, 1993

Kathleen Alderfer
Notary Public

My Commission Expires: 10.17.93

OFFICIAL SEAL
KATHLEEN ALBERTSEN
Notary Public-California
SAN FRANCISCO COUNTY
My Comm. Exp. Oct. 12, 1993

STATE OF PENNSYLVANIA :
SS
COUNTY OF PHILADELPHIA:

On this, the 25 day of February, 1993, before me, a notary public, personally appeared Thomas J. McGraw, to me personally known, who being by me duly sworn, says that he is the Director-Financing of Consolidated Rail Corporation, that said instrument was executed on February 25, 1993 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
25 day of February, 1993

(NOTARIAL SEAL)

Notary Public

My Commission Expires:

Notarial Seal
Jeanne McAteer, Notary Public
Philadelphia, Philadelphia County
My Commission Expires June 10, 1996
Member, Pennsylvania Association of Notaries

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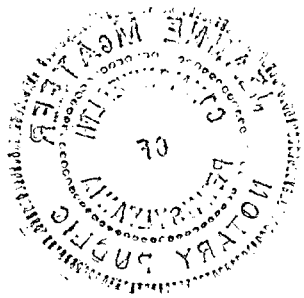

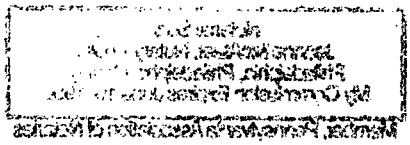

CONSOLIDATED RAIL CORPORATION
ERIE LOCOMOTIVE LEASE CO., LTD.

FINANCING OF THREE GENERAL ELECTRIC DASH 8-40CW
DIESEL ELECTRIC LOCOMOTIVES
AND
FOURTEEN GENERAL MOTORS CORPORATION (ELECTRO-MOTIVE
DIVISION) MODEL SD60M 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 Agreements" means, collectively, the GE Assignment Agreement and the GM Assignment Agreement.

"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.

"Bills of Sale" means, collectively, the GE Bill of Sale and the GM Bill of Sale.

"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, Philadelphia, Pennsylvania 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 5.71% Pass Through Trust Certificates, Series 1993-A1, and those 6.86% Pass Through Trust Certificates, Series 1993-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 Notes and any replacement Certificates thereto.

"Certificates of Participation" means, collectively, those 5.71% Series 3A Certificates of Participation and those 6.86% Series 3B Certificates of Participation issued by the Indenture Trustee upon conversion of the Equipment Notes 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.

"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 Equipment Notes are converted into Certificates of Participation 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 (Conrail 1993-B), dated as of February 26, 1993, among the Custodian, Lessor and Lessee.

"Debt Participation Agreement" means the Debt Participation Agreement (Conrail 1993-3), dated as of February 26, 1993, 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" means the amount set forth in Schedule E to 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 Agreements and the Purchase Agreements 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.

"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 Notes" means, collectively, that certain 5.71% Series 3A Equipment Note, and that certain 6.86% Series 3B Equipment Note, 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 Notes 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 (Conrail 1993-B), dated as of February 26, 1993, 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" with respect to any property means any of the following events with respect to such property: (i) loss of the use of such property due to (x) theft or disappearance, or any other reason not covered elsewhere in this definition, for a period in excess of six months, (y) destruction, or (z) in the opinion of Lessee, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever; (ii) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss; (iii) the condemnation or requisition of title to such property by the Government or any other governmental authority; (iv) as a result of any rule, regulation, order or other action by the ICC, the Department of Transportation or other governmental body of the United States of America or Canada having jurisdiction, the use of such property in the normal course of rail transportation shall have been prohibited for a period of six consecutive months, unless Lessee, prior to the expiration of such six-month period, shall have undertaken and shall be diligently carrying forward all steps which in its judgment are necessary or desirable to permit the normal use of such property by Lessee or, in any event, if such use shall have been prohibited for a period of 12 consecutive months; (v) the operation or location of such property, while under requisition for use by the Government, in any area excluded from coverage by any insurance policy in effect with respect to such property required by the terms of Section 11 of the Lease, if Lessee shall be unable to obtain indemnity in lieu thereof from the Government; or (vi) the confiscation, seizure or requisition of use of such property by the Government or any other governmental authority for a period in excess of 12 consecutive months or for a period continuing beyond the Term.

"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.

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

"GE Assignment Agreement" means the Assignment Agreement - GE (Conrail 1993-B), dated as of February 26, 1993, between Lessee, as assignor, and Lessor, as assignee, including the GE Consent and Agreement annexed thereto, as such GE Assignment Agreement may hereafter be amended, modified or supplemented.

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

"GE Consent and Agreement" means the Consent, Agreement and Limited Joinder of GE, dated as of February 26, 1993, annexed to the GE Assignment Agreement, as such GE Consent and Agreement may hereafter be amended, modified or supplemented.

"GE Items of Equipment" means the General Electric Dash 8-40CW diesel electric locomotives (or an improved model of the same Manufacturer) listed by Lessee's road numbers 6153 through 6155 inclusive in the Lease Supplement executed and delivered on the Delivery Date.

"GE Purchase Agreement" means the Purchase Agreement, dated January 4, 1993, between GE and Lessee, providing, among other things, for the

manufacture and sale by GE to Lessee of a total of seventy General Electric Dash 8-40CW diesel electric locomotives, as such GE Purchase Agreement has been or may hereafter be amended, modified or supplemented.

"GM" means General Motors Corporation, a Delaware corporation, and its successors and assigns.

"GM Assignment Agreement" means the Assignment Agreement - GM (Conrail 1993-B), dated as of February 26, 1993, between Lessee, as assignor, and Lessor, as assignee, including the GM Consent and Agreement annexed thereto, as such GM Assignment Agreement may hereafter be amended, modified or supplemented.

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

"GM Consent and Agreement" means the Consent and Agreement of GM, dated as of February 26, 1993, annexed to the GM Assignment Agreement, as such GM Consent and Agreement may hereafter be amended, modified or supplemented.

"GM Items of Equipment" means the General Motors Corporation (Electro-Motive Division) Model SD60M diesel electric locomotives (or an improved model of the same Manufacturer) listed by Lessee's road numbers 5516 through 5529 inclusive in the Lease Supplement executed and delivered on the Delivery Date.

"GM Purchase Agreement" means the Purchase Agreement, dated November 12, 1992, between GM and Lessee, providing, among other things, for the manufacture and sale by GM to Lessee of a total of one hundred five General Motors Corporation (Electro-Motive Division) Model SD60M diesel electric locomotives, as such GM Purchase Agreement has been or may hereafter be amended, modified or supplemented.

"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, except that for the purpose of the indemnity referred to in clause (v) of the definition of "Event of Loss," those instrumentalities, subdivisions and agencies included within the definition of "Government" shall be only those instrumentalities, subdivisions and agencies the obligations of which bear the full faith and credit of the United States of America or Canada.

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

"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 (Conrail 1993-3), dated as of February 26, 1993, among the Lessor, the Lessee and U.S. Trust Company of California, N.A., 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 Indenture Event of Default or 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, 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 such Indenture Supplement and any subsequent Indenture Supplement executed and delivered in connection with a Replacement Item of Equipment.

"Indenture Trustee" means U.S. Trust Company of California, N.A., a national banking association, 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 GE Items of Equipment and the GM Items of Equipment; (ii) any Replacement Item of Equipment which

may from time to time be substituted, pursuant to Section 8(a) or 10(a) of the Lease, for an Item of Equipment leased under the Lease; and (iii) any and all Parts incorporated or installed in or attached to such Item of Equipment and any and all Parts 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 the 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 (Conrail 1993-B), relating to the Items of Equipment, dated as of February 26, 1993, 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 a Lease Event of Default or 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 (Conrail 1993-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 Consolidated Rail Corporation, a Pennsylvania 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 Erie Locomotive Lease Co., Ltd., a corporation organized under the laws of the Cayman Islands, and its successors and permitted assigns.

"Lessor's Cost" means, for each GE Item of Equipment, an amount equal to $1,510,720, and for each GM Item of Equipment, an amount equal to $1,425,881.

"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 Item of Equipment or any Part 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 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.

"Make-Whole Amount" means, with respect to the principal amount of any Equipment Note to be prepaid on any prepayment date, the amount which the Investment Banker determines as of the third Business Day prior to such prepayment date to equal the product obtained by multiplying (a) 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 Note, discounted semi-annually on each December 31 and June 30 at a rate equal 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 Note plus any accrued but unpaid interest thereon by (b) a fraction the numerator of which shall be the principal amount of such Equipment Note to be prepaid on such prepayment date and the denominator of which shall be the aggregate unpaid principal amount of such Equipment Note; provided that the aggregate unpaid principal amount of such Equipment Note for the purposes of clauses (a)(ii) and (b) of this definition shall be determined after deducting the principal installment, if any, due on such prepayment date.

"Manufacturer" means, as the context requires, GE with respect to any GE Item of Equipment (or any Replacement Item of Equipment provided by GE), and GM with respect to any GM Item of Equipment (or any Replacement Item of Equipment provided by GM).

"Manufacturers" means GE and GM.

"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 (Conrail 1993-B), dated as of February 26, 1993, between NBB and Lessee, and all annexes,

supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Offering Circular" means the Offering Circular (Consolidated Rail Corporation 1993-A Pass Through Trusts), dated February 19, 1993, 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 Indenture, each Indenture Supplement, the Pass Through Trust Agreements, the Assignment Agreements, the Custodian Agreement, the Pledge Agreement, and the Bills of Sale.

"Opinion of Counsel" means an opinion in writing signed by legal counsel, who may be (a) the 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, 7.86% 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, the greater of (a) 6.28% (computed on the basis of a 360-day year of twelve 30 day months) and (b) 1% over the rate specified by the main office in Tokyo of The Sakura Bank, Limited as the rate which that bank applies to its loans in Yen with a term less than one year to its prime customers in Japan (computed on the basis of actual days and a 365-day year).

"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 each of the two Consolidated Rail Corporation 1993-A Pass Through Trusts created pursuant to the Pass Through Trust Agreements.

"Pass Through Trust Agreement" means each of the two separate Pass Through Trust Agreements, dated as of February 26, 1993, between the Pass Through Trustee and the Lessee, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Pass Through Trustee" means U.S. Trust Company of California, N.A., a national banking association, not in its individual capacity but solely as Pass Through Trustee under each of 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 Agreement.

"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 (Conrail 1993-B), dated as of February 26, 1993, between CRR Investments, Inc. 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.

"Purchase Agreements" means, collectively, the GE Purchase Agreement and the GM Purchase Agreement.

"Purchase Price" shall mean the amount set forth in Schedule E of the Lease.

"Rent" means Basic Rent and Supplemental Rent.

"Rent Payment Date" or "Payment Date" means each December 31 and June 30 of each year occurring during the Lease Term, and February 26, 2007, 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, as the context requires, either (i) a General Electric Dash 8-40CW 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 to replace an Item of Equipment manufactured by GE, together with all Parts relating thereto, or (ii) a General Motors Corporation (Electro-Motive Division) Model SD60M 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 to replace an Item of Equipment manufactured by GM, together with all Parts relating thereto.

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

"Secured Obligations" means, collectively, the obligations from time to time of the Lessor under and in respect of the principal of and interest on the Equipment Notes heretofore or hereafter issued under the Indenture and all other amounts from time to time due and payable by the Lessor under the Indenture or by the Lessor under the Debt Participation Agreement.

"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.

"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 117.16 (Yen).

"Statement" means a Statement in the form of Exhibit D to the Equity Participation Agreement.

"Supplemental Rent" means all amounts, liabilities and obligations (other than Basic Rent) which Lessee assumes or agrees to pay under the Lease or the 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 to in such Section 15(d).

"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 E 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 money 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, Yen Savings Account No. 200-8132687, with The Sakura Bank, Ltd. Tokyo Main Office.

Exhibit A
To
Lease

LEASE SUPPLEMENT NO. 1 (CONRAIL 1993-B)

Between

ERIE LOCOMOTIVE LEASE CO., LTD.,
as Lessor

and

CONSOLIDATED RAIL CORPORATION,
as Lessee

Three General Electric Dash 8-40CW
Diesel Electric Locomotives

and

Fourteen General Motors Corporation (Electro-Motive Division)
Model SD60M Diesel Electric Locomotives

Dated as of February 26, 1993

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 ERIE LOCOMOTIVE LEASE CO., LTD. HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF U.S. TRUST COMPANY OF CALIFORNIA, N.A., AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE AND SECURITY AGREEMENT (CONRAIL 1993-3) DATED AS OF FEBRUARY 26, 1993. 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 U.S. TRUST COMPANY OF CALIFORNIA, N.A., AS INDENTURE TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

EXHIBIT A
TO LEASE

LEASE SUPPLEMENT NO. 1 (CONRAIL 1993-B), dated February 26, 1993, between ERIE LOCOMOTIVE LEASE CO., LTD., a corporation formed under the laws of the Cayman Islands ("Lessor"), and CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation ("Lessee").

WITNESSETH:

WHEREAS, Lessor and Lessee have heretofore entered into that certain Lease Agreement (Conrail 1993-B), dated as of February 26, 1993 (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 three General Electric Dash 8-40CW Diesel Electric Locomotives, bearing Lessee's road numbers 6153 through 6155 inclusive, and fourteen General Motors Corporation (Electro-Motive Division) Model SD60M Diesel Electric Locomotives, bearing Lessee's road numbers 5516 thorugh 5529 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 GE Item of Equipment is $1,510,720 and Lessor's Cost for each GM Item of Equipment is $1,425,881. The aggregate Lessor's Cost for all of the Items of Equipment is $24,494,494.

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 thereof, or any subcontractor or supplier of such Manufacturer, under the relevant 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 Philadelphia, Pennsylvania. 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.

10. The parties hereto agree that certain rights, title and interest of Lessor in and to this Lease Supplement No. 1 and to the Items of Equipment have been assigned to and are subject to a lien and security interest in favor of U.S. Trust Company of California, N.A., as 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 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 U.S. Trust Company of California, N.A., as Indenture Trustee, on or immediately following the signature page hereof.

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

ERIE LOCOMOTIVE LEASE CO., LTD.

By:_____
Name: F. Jan Blaustein
Title: President

LESSEE

CONSOLIDATED RAIL CORPORATION

By:_____
Name: Thomas J. McGraw
Title: Director - Financing

SCHEDULE
TO LEASE

IDENTIFICATION OF ITEMS OF EQUIPMENT

Three General Electric Dash 8-40CW Diesel Electric Locomotives numbered with Lessee's road numbers 6153 through 6155 inclusive, and fourteen General Motors Corporation (Electro-Motive Division) Model SD60M Diesel Electric Locomotives, bearing Lessee's road numbers 5516 through 5529 inclusive.

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.

GE Locomotives

SCHEDULE A
TO
LEASE

BASIC RENT PAYMENTS
(per Item of Equipment)

LEASE PERIOD DATE	U.S. DOLLAR AMOUNT (US$)	YEN AMOUNT (US$)
30-Jun-93	28,981.30	22,660.81
31-Dec-93	74,364.63	
30-Jun-94	74,364.63	
31-Dec-94	74,364.63	
30-Jun-95	74,364.63	
31-Dec-95	74,364.63	
30-Jun-96	74,364.63	
31-Dec-96	74,364.63	
30-Jun-97	74,364.63	
31-Dec-97	74,364.63	
30-Jun-98	74,364.63	
31-Dec-98	51,964.02	22,400.61
30-Jun-99	71,071.72	3,292.91
31-Dec-99	68,164.64	6,199.99
30-Jun-2000	65,500.06	8,864.57
31-Dec-2000	63,053.33	11,311.30
30-Jun-2001	60,802.26	13,562.37
31-Dec-2001	58,726.82	15,637.81
30-Jun-2002	56,808.99	17,555.64
31-Dec-2002	55,031.82	19,332.81
30-Jun-2003	53,264.98	21,099.65
31-Dec-2003	51,611.16	22,753.47
30-Jun-2004	50,058.15	24,306.48
31-Dec-2004	48,594.91	25,769.72
30-Jun-2005	47,211.49	27,153.14
31-Dec-2005	45,898.89	28,465.74
30-Jun-2006	44,649.01	29,715.62
31-Dec-2006	60,450.37	13,914.26
26-Feb-2007	22,722.52	

GM Locomotives

SCHEDULE A
TO
LEASE

BASIC RENT PAYMENTS
(per Item of Equipment)

LEASE PERIOD DATE	U.S. DOLLAR AMOUNT (US$)	YEN AMOUNT (US$)
30-Jun-93	27,353.77	21,388.22
31-Dec-93	70,188.46	
30-Jun-94	70,188.46	
31-Dec-94	70,188.46	
30-Jun-95	70,188.46	
31-Dec-95	70,188.46	
30-Jun-96	70,188.46	
31-Dec-96	70,188.46	
30-Jun-97	70,188.46	
31-Dec-97	70,188.46	
30-Jun-98	70,188.46	
31-Dec-98	49,045.70	21,142.76
30-Jun-99	67,080.47	3,107.99
31-Dec-99	64,336.65	5,851.81
30-Jun-2000	61,821.71	8,366.75
31-Dec-2000	59,512.39	10,676.07
30-Jun-2001	57,387.73	12,800.73
31-Dec-2001	55,428.84	14,759.62
30-Jun-2002	53,618.87	16,569.59
31-Dec-2002	51,941.35	18,247.11
30-Jun-2003	50,273.73	19,914.73
31-Dec-2003	48,712.79	21,475.67
30-Jun-2004	47,246.98	22,941.48
31-Dec-2004	45,865.91	24,322.55
30-Jun-2005	44,560.18	25,628.28
31-Dec-2005	43,321.30	26,867.16
30-Jun-2006	42,141.61	28,046.85
31-Dec-2006	57,055.59	13,132.87
26-Feb-2007	21,446.47	

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 Notes and Certificates of Participation on the relevant 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.

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

GE Locos

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
31-Mar-93	1,215,577	-
30-Apr-93	1,221,759	-
31-May-93	1,227,941	-
30-Jun-93	1,205,142	1,233,299
31-Jul-93	1,211,308	-
31-Aug-93	1,217,474	-
30-Sep-93	1,223,639	-
31-Oct-93	1,229,805	-
30-Nov-93	1,235,971	-
31-Dec-93	1,167,772	1,242,137
31-Jan-94	1,173,760	-
28-Feb-94	1,179,748	-
31-Mar-94	1,185,736	-
30-Apr-94	1,191,724	-
31-May-94	1,197,712	-
30-Jun-94	1,129,336	1,203,700
31-Jul-94	1,135,141	-
31-Aug-94	1,140,946	-
30-Sep-94	1,146,751	-
31-Oct-94	1,152,556	-
30-Nov-94	1,158,361	-
31-Dec-94	1,089,802	1,164,166
31-Jan-95	1,095,419	-
28-Feb-95	1,101,036	-
31-Mar-95	1,106,652	-
30-Apr-95	1,112,269	-
31-May-95	1,117,886	-
30-Jun-95	1,049,139	1,123,503
31-Jul-95	1,054,562	-
31-Aug-95	1,059,986	-
30-Sep-95	1,065,409	-
31-Oct-95	1,070,833	-
30-Nov-95	1,076,256	-
31-Dec-95	1,007,315	1,081,680
31-Jan-96	1,012,540	-
29-Feb-96	1,017,764	-
31-Mar-96	1,022,989	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

GE Locos

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
30-Apr-96	1,028,213	-
31-May-96	1,033,437	-
30-Jun-96	964,298	1,038,662
31-Jul-96	969,317	-
31-Aug-96	974,337	-
30-Sep-96	979,357	-
31-Oct-96	984,377	-
30-Nov-96	989,396	-
31-Dec-96	920,052	994,416
31-Jan-97	924,861	-
28-Feb-97	929,670	-
31-Mar-97	934,479	-
30-Apr-97	939,288	-
31-May-97	944,098	-
30-Jun-97	874,543	948,907
31-Jul-97	879,135	-
31-Aug-97	883,728	-
30-Sep-97	888,321	-
31-Oct-97	892,913	-
30-Nov-97	897,506	-
31-Dec-97	827,734	902,099
31-Jan-98	832,104	-
28-Feb-98	836,474	-
31-Mar-98	840,844	-
30-Apr-98	845,214	-
31-May-98	849,584	-
30-Jun-98	779,590	853,954
31-Jul-98	783,731	-
31-Aug-98	787,871	-
30-Sep-98	792,012	-
31-Oct-98	796,153	-
30-Nov-98	800,294	-
31-Dec-98	752,471	804,435
31-Jan-99	756,483	-
28-Feb-99	760,495	-
31-Mar-99	764,506	-
30-Apr-99	768,518	-
31-May-99	772,530	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

GE Locos

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
30-Jun-99	705,470	776,542
31-Jul-99	709,258	-
31-Aug-99	713,047	-
30-Sep-99	716,835	-
31-Oct-99	720,623	-
30-Nov-99	724,411	-
31-Dec-99	660,035	728,199
31-Jan-2000	663,607	-
29-Feb-2000	667,179	-
31-Mar-2000	670,751	-
30-Apr-2000	674,323	-
31-May-2000	677,895	-
30-Jun-2000	615,967	681,467
31-Jul-2000	619,329	-
31-Aug-2000	622,692	-
30-Sep-2000	626,054	-
31-Oct-2000	629,416	-
30-Nov-2000	632,778	-
31-Dec-2000	573,087	636,141
31-Jan-2001	576,246	-
28-Feb-2001	579,404	-
31-Mar-2001	582,562	-
30-Apr-2001	585,720	-
31-May-2001	588,878	-
30-Jun-2001	531,235	592,037
31-Jul-2001	534,194	-
31-Aug-2001	537,153	-
30-Sep-2001	540,112	-
31-Oct-2001	543,071	-
30-Nov-2001	546,030	-
31-Dec-2001	490,263	548,989
31-Jan-2002	493,027	-
28-Feb-2002	495,791	-
31-Mar-2002	498,555	-
30-Apr-2002	501,319	-
31-May-2002	504,083	-
30-Jun-2002	450,039	506,847
31-Jul-2002	452,611	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

GE Locos

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
31-Aug-2002	455,184	-
30-Sep-2002	457,757	-
31-Oct-2002	460,330	-
30-Nov-2002	462,902	-
31-Dec-2002	410,443	465,475
31-Jan-2003	412,790	-
28-Feb-2003	415,136	-
31-Mar-2003	417,482	-
30-Apr-2003	419,829	-
31-May-2003	422,175	-
30-Jun-2003	371,257	424,522
31-Jul-2003	373,379	-
31-Aug-2003	375,501	-
30-Sep-2003	377,624	-
31-Oct-2003	379,746	-
30-Nov-2003	381,868	-
31-Dec-2003	332,380	383,991
31-Jan-2004	334,280	-
29-Feb-2004	336,180	-
31-Mar-2004	338,080	-
30-Apr-2004	339,980	-
31-May-2004	341,880	-
30-Jun-2004	293,722	343,780
31-Jul-2004	295,401	-
31-Aug-2004	297,081	-
30-Sep-2004	298,760	-
31-Oct-2004	300,439	-
30-Nov-2004	302,118	-
31-Dec-2004	255,202	303,797
31-Jan-2005	256,661	-
28-Feb-2005	258,120	-
31-Mar-2005	259,579	-
30-Apr-2005	261,038	-
31-May-2005	262,497	-
30-Jun-2005	216,744	263,956
31-Jul-2005	217,983	-
31-Aug-2005	219,222	-
30-Sep-2005	220,462	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

GE Locos

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
31-Oct-2005	221,701	-
30-Nov-2005	222,940	-
31-Dec-2005	178,280	224,179
31-Jan-2006	179,299	-
28-Feb-2006	180,318	-
31-Mar-2006	181,338	-
30-Apr-2006	182,357	-
31-May-2006	183,376	-
30-Jun-2006	139,746	184,395
31-Jul-2006	140,545	-
31-Aug-2006	141,344	-
30-Sep-2006	142,143	-
31-Oct-2006	142,942	-
30-Nov-2006	143,740	-
31-Dec-2006	84,089	144,539
31-Jan-2007	84,570	-
26-Feb-2007	0	84,986

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

ERIE

GM Locos

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
	1,141,482	
31-Mar-93	1,147,317	-
30-Apr-93	1,153,151	-
31-May-93	1,158,986	-
30-Jun-93	1,137,468	1,186,340
31-Jul-93	1,143,287	-
31-Aug-93	1,149,107	-
30-Sep-93	1,154,926	-
31-Oct-93	1,160,746	-
30-Nov-93	1,166,565	-
31-Dec-93	1,102,196	1,236,754
31-Jan-94	1,107,848	-
28-Feb-94	1,113,500	-
31-Mar-94	1,119,151	-
30-Apr-94	1,124,803	-
31-May-94	1,130,455	-
30-Jun-94	1,065,918	1,200,643
31-Jul-94	1,071,397	-
31-Aug-94	1,076,876	-
30-Sep-94	1,082,355	-
31-Oct-94	1,087,834	-
30-Nov-94	1,093,313	-
31-Dec-94	1,028,604	1,163,502
31-Jan-95	1,033,905	-
28-Feb-95	1,039,207	-
31-Mar-95	1,044,508	-
30-Apr-95	1,049,810	-
31-May-95	1,055,111	-
30-Jun-95	990,225	1,125,300
31-Jul-95	995,343	-
31-Aug-95	1,000,462	-
30-Sep-95	1,005,581	-
31-Oct-95	1,010,700	-
30-Nov-95	1,015,819	-
31-Dec-95	950,750	1,086,007
31-Jan-96	955,681	-
29-Feb-96	960,612	-
31-Mar-96	965,543	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

CRIC

GM Locos

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
30-Apr-96	970,474	-
31-May-96	975,405	-
30-Jun-96	910,147	1,045,593
31-Jul-96	914,885	-
31-Aug-96	919,623	-
30-Sep-96	924,361	-
31-Oct-96	929,099	-
30-Nov-96	933,837	-
31-Dec-96	868,386	1,004,025
31-Jan-97	872,925	-
28-Feb-97	877,464	-
31-Mar-97	882,004	-
30-Apr-97	886,543	-
31-May-97	891,082	-
30-Jun-97	825,433	961,270
31-Jul-97	829,767	-
31-Aug-97	834,102	-
30-Sep-97	838,437	-
31-Oct-97	842,772	-
30-Nov-97	847,106	-
31-Dec-97	781,253	917,295
31-Jan-98	785,377	-
28-Feb-98	789,502	-
31-Mar-98	793,626	-
30-Apr-98	797,751	-
31-May-98	801,875	-
30-Jun-98	735,811	872,064
31-Jul-98	739,720	-
31-Aug-98	743,628	-
30-Sep-98	747,536	-
31-Oct-98	751,445	-
30-Nov-98	755,353	-
31-Dec-98	710,216	804,399
31-Jan-99	714,002	-
28-Feb-99	717,789	-
31-Mar-99	721,575	-
30-Apr-99	725,362	-
31-May-99	729,148	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

CRIC
GM Locos

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
30-Jun-99	665,854	796,229
31-Jul-99	669,430	-
31-Aug-99	673,005	-
30-Sep-99	676,581	-
31-Oct-99	680,156	-
30-Nov-99	683,731	-
31-Dec-99	622,970	748,068
31-Jan-2000	626,342	-
29-Feb-2000	629,713	-
31-Mar-2000	633,084	-
30-Apr-2000	636,456	-
31-May-2000	639,827	-
30-Jun-2000	581,377	701,649
31-Jul-2000	584,550	-
31-Aug-2000	587,724	-
30-Sep-2000	590,897	-
31-Oct-2000	594,071	-
30-Nov-2000	597,244	-
31-Dec-2000	540,905	656,756
31-Jan-2001	543,886	-
28-Feb-2001	546,867	-
31-Mar-2001	549,848	-
30-Apr-2001	552,829	-
31-May-2001	555,810	-
30-Jun-2001	501,403	613,197
31-Jul-2001	504,196	-
31-Aug-2001	506,989	-
30-Sep-2001	509,781	-
31-Oct-2001	512,574	-
30-Nov-2001	515,367	-
31-Dec-2001	462,731	570,796
31-Jan-2002	465,340	-
28-Feb-2002	467,949	-
31-Mar-2002	470,558	-
30-Apr-2002	473,167	-
31-May-2002	475,776	-
30-Jun-2002	424,766	529,395
31-Jul-2002	427,194	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

ERIE

GM Locos

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
31-Aug-2002	429,623	-
30-Sep-2002	432,051	-
31-Oct-2002	434,479	-
30-Nov-2002	436,907	-
31-Dec-2002	387,394	488,849
31-Jan-2003	389,609	-
28-Feb-2003	391,823	-
31-Mar-2003	394,038	-
30-Apr-2003	396,253	-
31-May-2003	398,467	-
30-Jun-2003	350,408	448,741
31-Jul-2003	352,411	-
31-Aug-2003	354,414	-
30-Sep-2003	356,418	-
31-Oct-2003	358,421	-
30-Nov-2003	360,424	-
31-Dec-2003	313,714	409,137
31-Jan-2004	315,508	-
29-Feb-2004	317,301	-
31-Mar-2004	319,095	-
30-Apr-2004	320,888	-
31-May-2004	322,681	-
30-Jun-2004	277,228	369,928
31-Jul-2004	278,813	-
31-Aug-2004	280,398	-
30-Sep-2004	281,982	-
31-Oct-2004	283,567	-
30-Nov-2004	285,152	-
31-Dec-2004	240,871	331,018
31-Jan-2005	242,248	-
28-Feb-2005	243,625	-
31-Mar-2005	245,002	-
30-Apr-2005	246,379	-
31-May-2005	247,756	-
30-Jun-2005	204,573	292,316
31-Jul-2005	205,742	-
31-Aug-2005	206,912	-
30-Sep-2005	208,081	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

CRIC
GM Locos

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
31-Oct-2005	209,251	-
30-Nov-2005	210,420	-
31-Dec-2005	168,268	253,741
31-Jan-2006	169,230	-
28-Feb-2006	170,192	-
31-Mar-2006	171,154	-
30-Apr-2006	172,116	-
31-May-2006	173,078	-
30-Jun-2006	131,898	215,219
31-Jul-2006	132,652	-
31-Aug-2006	133,406	-
30-Sep-2006	134,160	-
31-Oct-2006	134,914	-
30-Nov-2006	135,668	-
31-Dec-2006	79,367	192,724
31-Jan-2007	79,821	-
26-Feb-2007	0	80,214

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), 10 or 15 shall be referred to as a "Column A Termination";

(b) 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), Section 9(d)(iii) or 9(d)(v) shall be referred to as a "Column B Termination";

(c) any termination effected pursuant to Section 9(c) (where the illegality arises under the laws of Japan), 9(d)(i) or 9(d)(iv) 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 on Column C1 opposite such date;

(iii) if the Termination Date occurs on a date (other than a Monthly Date or a Lease Period Date) in a Lease Period Month, the amount obtained by (w) subtracting the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column C1 from the amount listed opposite the Monthly Date immediately following such Termination Date in Column C2, (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 C1; 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 C1 from the amount listed opposite the Monthly Date immediately following such Termination Date in Column C1, (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 (2) adding the product computed in (y) above to the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column C1.

SCHEDULE D
TO
LEASE

GE Locos

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$)	C2 (US$)
31-Mar-93	334,329	-	332,369	-	247,362	-
30-Apr-93	336,318	-	332,404	-	248,345	-
31-May-93	338,321	-	332,464	-	249,329	-
30-Jun-93	340,336	362,997	332,546	355,207	227,653	250,314
31-Jul-93	340,778	-	331,164	-	228,654	-
31-Aug-93	342,793	-	331,293	-	229,656	-
30-Sep-93	344,633	-	331,673	-	230,658	-
31-Oct-93	346,484	-	332,073	-	231,660	-
30-Nov-93	348,347	-	332,494	-	232,662	-
31-Dec-93	350,222	350,222	332,935	332,935	233,664	233,665
31-Jan-94	349,383	-	330,865	-	234,692	-
28-Feb-94	351,253	-	331,334	-	235,720	-
31-Mar-94	353,002	-	331,975	-	236,749	-
30-Apr-94	354,762	-	332,633	-	237,777	-
31-May-94	356,533	-	333,309	-	238,805	-
30-Jun-94	358,315	358,315	334,003	334,003	239,834	239,835
31-Jul-94	356,413	-	331,284	-	240,889	-
31-Aug-94	358,185	-	331,996	-	241,945	-
30-Sep-94	359,856	-	332,845	-	243,000	-
31-Oct-94	361,537	-	333,711	-	244,056	-
30-Nov-94	363,227	-	334,592	-	245,111	-
31-Dec-94	364,928	364,928	335,489	335,489	246,167	246,168
31-Jan-95	362,129	-	332,206	-	247,250	-
28-Feb-95	363,817	-	333,111	-	248,333	-
31-Mar-95	365,421	-	334,127	-	249,417	-
30-Apr-95	367,033	-	335,156	-	250,500	-
31-May-95	368,655	-	336,200	-	251,583	-
30-Jun-95	370,287	370,287	337,257	337,257	252,667	252,668
31-Jul-95	366,742	-	333,492	-	253,779	-
31-Aug-95	368,358	-	334,551	-	254,891	-
30-Sep-95	369,904	-	335,696	-	256,002	-
31-Oct-95	371,460	-	336,854	-	257,114	-
30-Nov-95	373,024	-	338,024	-	258,226	-
31-Dec-95	374,597	374,597	339,208	339,208	259,338	259,339
31-Jan-96	370,442	-	335,038	-	260,480	-
29-Feb-96	371,998	-	336,217	-	261,621	-
31-Mar-96	373,498	-	337,462	-	262,762	-
30-Apr-96	375,006	-	338,719	-	263,904	-

SCHEDULE D
TO
LEASE

GE Locos

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$)	C2 (US$)
31-May-96	376,523	-	339,987	-	265,045	-
30-Jun-96	378,049	378,049	341,267	341,267	266,186	266,187
31-Jul-96	373,409	-	336,769	-	267,358	-
31-Aug-96	374,915	-	338,041	-	268,529	-
30-Sep-96	376,378	-	339,361	-	269,700	-
31-Oct-96	377,850	-	340,693	-	270,872	-
30-Nov-96	379,329	-	342,036	-	272,043	-
31-Dec-96	380,817	380,817	343,390	343,390	273,215	273,216
31-Jan-97	375,805	-	338,636	-	274,417	-
28-Feb-97	377,272	-	339,977	-	275,620	-
31-Mar-97	378,708	-	341,355	-	276,822	-
30-Apr-97	380,152	-	342,743	-	278,024	-
31-May-97	381,604	-	344,142	-	279,227	-
30-Jun-97	383,064	383,064	345,551	345,551	280,429	280,430
31-Jul-97	377,784	-	340,612	-	281,663	-
31-Aug-97	379,221	-	342,006	-	282,897	-
30-Sep-97	380,639	-	343,427	-	284,131	-
31-Oct-97	382,065	-	344,857	-	285,366	-
30-Nov-97	383,499	-	346,298	-	286,600	-
31-Dec-97	384,940	384,940	347,748	347,748	287,834	287,835
31-Jan-98	379,486	-	342,692	-	289,101	-
28-Feb-98	380,905	-	344,126	-	290,367	-
31-Mar-98	382,314	-	345,579	-	291,634	-
30-Apr-98	383,730	-	347,042	-	292,901	-
31-May-98	385,154	-	348,515	-	294,167	-
30-Jun-98	386,586	386,586	349,997	349,997	295,434	295,435
31-Jul-98	381,045	-	344,889	-	296,734	-
31-Aug-98	382,454	-	346,354	-	298,034	-
30-Sep-98	383,863	-	347,833	-	299,335	-
31-Oct-98	385,279	-	349,323	-	300,635	-
30-Nov-98	386,703	-	350,822	-	301,935	-
31-Dec-98	365,733	388,134	329,930	352,331	280,834	303,236
31-Jan-99	360,052	-	324,777	-	282,070	-
28-Feb-99	361,326	-	326,211	-	283,306	-
31-Mar-99	362,609	-	327,654	-	284,542	-
30-Apr-99	363,898	-	329,105	-	285,778	-
31-May-99	365,194	-	330,564	-	287,014	-
30-Jun-99	363,204	366,497	328,740	332,033	284,957	288,251
31-Jul-99	357,566	-	323,636	-	286,211	-

SCHEDULE D
TO
LEASE

GE Locos

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$)	C2 (US$)
31-Aug-99	358,826	-	325,075	-	287,465	-
30-Sep-99	360,100	-	326,522	-	288,719	-
31-Oct-99	361,382	-	327,977	-	289,973	-
30-Nov-99	362,670	-	329,441	-	291,227	-
31-Dec-99	357,765	363,965	324,713	330,913	286,281	292,482
31-Jan-2000	352,220	-	319,707	-	287,541	-
29-Feb-2000	353,455	-	321,143	-	288,801	-
31-Mar-2000	354,712	-	322,584	-	290,061	-
30-Apr-2000	355,976	-	324,035	-	291,321	-
31-May-2000	357,247	-	325,495	-	292,581	-
30-Jun-2000	349,660	358,524	318,099	326,963	284,976	293,842
31-Jul-2000	344,252	-	313,235	-	286,230	-
31-Aug-2000	345,454	-	314,657	-	287,484	-
30-Sep-2000	346,685	-	316,087	-	288,738	-
31-Oct-2000	347,922	-	317,526	-	289,993	-
30-Nov-2000	349,167	-	318,974	-	291,247	-
31-Dec-2000	339,106	350,417	309,121	320,432	281,190	292,502
31-Jan-2001	333,877	-	304,440	-	282,427	-
28-Feb-2001	335,039	-	305,842	-	283,665	-
31-Mar-2001	336,235	-	307,253	-	284,902	-
30-Apr-2001	337,438	-	308,674	-	286,139	-
31-May-2001	338,647	-	310,105	-	287,377	-
30-Jun-2001	326,300	339,863	297,982	311,544	275,052	288,615
31-Jul-2001	321,289	-	293,522	-	276,262	-
31-Aug-2001	322,403	-	294,898	-	277,473	-
30-Sep-2001	323,557	-	296,285	-	278,683	-
31-Oct-2001	324,718	-	297,682	-	279,894	-
30-Nov-2001	325,885	-	299,089	-	281,104	-
31-Dec-2001	311,420	327,057	284,867	300,504	266,677	282,316
31-Jan-2002	306,661	-	280,663	-	267,851	-
28-Feb-2002	307,721	-	282,008	-	269,024	-
31-Mar-2002	308,826	-	283,365	-	270,198	-
30-Apr-2002	309,937	-	284,733	-	271,371	-
31-May-2002	311,054	-	286,110	-	272,545	-
30-Jun-2002	294,622	312,177	269,941	287,497	256,163	273,720
31-Jul-2002	290,148	-	266,027	-	257,290	-
31-Aug-2002	291,148	-	267,335	-	258,418	-
30-Sep-2002	292,198	-	268,659	-	259,545	-
31-Oct-2002	293,253	-	269,993	-	260,672	-

SCHEDULE D
TO
LEASE

GE Locos

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$)	C2 (US$)
30-Nov-2002	294,314	-	271,337	-	261,800	-
31-Dec-2002	276,048	295,381	253,358	272,691	243,594	262,928
31-Jan-2003	271,890	-	249,763	-	244,666	-
28-Feb-2003	272,824	-	251,029	-	245,738	-
31-Mar-2003	273,812	-	252,315	-	246,810	-
30-Apr-2003	274,806	-	253,611	-	247,882	-
31-May-2003	275,805	-	254,918	-	248,954	-
30-Jun-2003	255,709	276,809	235,135	256,235	228,927	250,027
31-Jul-2003	251,896	-	231,889	-	229,934	-
31-Aug-2003	252,759	-	233,110	-	230,942	-
30-Sep-2003	253,680	-	234,355	-	231,949	-
31-Oct-2003	254,605	-	235,611	-	232,957	-
30-Nov-2003	255,536	-	236,877	-	233,964	-
31-Dec-2003	233,718	256,472	215,399	238,153	212,218	234,973
31-Jan-2004	230,278	-	213,152	-	213,152	-
29-Feb-2004	231,064	-	214,086	-	214,086	-
31-Mar-2004	231,912	-	215,020	-	215,020	-
30-Apr-2004	232,764	-	216,114	-	215,954	-
31-May-2004	233,621	-	217,336	-	216,888	-
30-Jun-2004	210,176	234,483	194,262	218,569	193,515	217,823
31-Jul-2004	207,136	-	194,367	-	194,367	-
31-Aug-2004	207,840	-	195,218	-	195,218	-
30-Sep-2004	208,610	-	196,070	-	196,070	-
31-Oct-2004	209,383	-	196,922	-	196,922	-
30-Nov-2004	210,161	-	197,773	-	197,773	-
31-Dec-2004	185,174	210,944	172,855	198,626	172,855	198,626
31-Jan-2005	182,559	-	173,616	-	173,616	-
28-Feb-2005	183,179	-	174,377	-	174,377	-
31-Mar-2005	183,865	-	175,137	-	175,137	-
30-Apr-2005	184,556	-	175,898	-	175,898	-
31-May-2005	185,250	-	176,659	-	176,659	-
30-Jun-2005	158,794	185,947	150,266	177,421	150,266	177,421
31-Jul-2005	156,630	-	150,928	-	150,928	-
31-Aug-2005	157,162	-	151,589	-	151,589	-
30-Sep-2005	157,761	-	152,250	-	152,250	-
31-Oct-2005	158,363	-	152,912	-	152,912	-
30-Nov-2005	158,968	-	153,573	-	153,573	-
31-Dec-2005	131,111	159,577	125,768	154,235	125,768	154,235
31-Jan-2006	129,419	-	126,322	-	126,322	-

SCHEDULE D
TO
LEASE

GE Locos

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$)	C2 (US$)
28-Feb-2006	129,858	-	126,875	-	126,875	-
31-Mar-2006	130,365	-	127,429	-	127,429	-
30-Apr-2006	130,875	-	127,982	-	127,982	-
31-May-2006	131,387	-	128,536	-	128,536	-
30-Jun-2006	102,187	131,902	99,374	129,090	99,374	129,090
31-Jul-2006	100,988	-	99,811	-	99,811	-
31-Aug-2006	101,331	-	100,248	-	100,248	-
30-Sep-2006	101,741	-	100,686	-	100,686	-
31-Oct-2006	102,154	-	101,123	-	101,123	-
30-Nov-2006	102,570	-	101,560	-	101,560	-
31-Dec-2006	89,073	102,987	88,084	101,999	88,084	101,999
31-Jan-2007	88,476	-	88,471	-	88,471	-
26-Feb-2007	88,808	88,808	88,808	88,808	88,808	88,808

SCHEDULE D
TO
LEASE

GM Locos

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$)	C2 (US$)
31-Mar-93	315,554	-	313,699	-	233,470	-
30-Apr-93	317,432	-	313,732	-	234,399	-
31-May-93	319,322	-	313,788	-	235,328	-
30-Jun-93	321,224	342,612	313,866	335,254	214,868	236,257
31-Jul-93	321,641	-	312,561	-	215,814	-
31-Aug-93	323,542	-	312,683	-	216,759	-
30-Sep-93	325,279	-	313,042	-	217,705	-
31-Oct-93	327,027	-	313,420	-	218,650	-
30-Nov-93	328,785	-	313,817	-	219,596	-
31-Dec-93	330,554	330,554	314,233	314,233	220,542	220,543
31-Jan-94	329,763	-	312,280	-	221,512	-
28-Feb-94	331,527	-	312,723	-	222,483	-
31-Mar-94	333,178	-	313,327	-	223,453	-
30-Apr-94	334,840	-	313,948	-	224,424	-
31-May-94	336,511	-	314,587	-	225,395	-
30-Jun-94	338,192	338,192	315,242	315,242	226,365	226,366
31-Jul-94	336,398	-	312,676	-	227,361	-
31-Aug-94	338,070	-	313,348	-	228,357	-
30-Sep-94	339,647	-	314,149	-	229,354	-
31-Oct-94	341,234	-	314,966	-	230,350	-
30-Nov-94	342,829	-	315,798	-	231,346	-
31-Dec-94	344,435	344,435	316,644	316,644	232,342	232,343
31-Jan-95	341,793	-	313,546	-	233,365	-
28-Feb-95	343,386	-	314,401	-	234,387	-
31-Mar-95	344,899	-	315,359	-	235,410	-
30-Apr-95	346,422	-	316,331	-	236,432	-
31-May-95	347,953	-	317,316	-	237,455	-
30-Jun-95	349,493	349,493	318,314	318,314	238,477	238,478
31-Jul-95	346,146	-	314,760	-	239,527	-
31-Aug-95	347,671	-	315,760	-	240,576	-
30-Sep-95	349,131	-	316,841	-	241,626	-
31-Oct-95	350,599	-	317,933	-	242,675	-
30-Nov-95	352,076	-	319,038	-	243,725	-
31-Dec-95	353,561	353,561	320,155	320,155	244,774	244,775
31-Jan-96	349,639	-	316,220	-	245,852	-
29-Feb-96	351,107	-	317,333	-	246,929	-
31-Mar-96	352,523	-	318,508	-	248,006	-
30-Apr-96	353,947	-	319,694	-	249,083	-

SCHEDULE D
TO
LEASE

GM Locos

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$)	C2 (US$)
31-May-96	355,379	-	320,891	-	250,160	-
30-Jun-96	356,819	356,819	322,100	322,100	251,238	251,239
31-Jul-96	352,439	-	317,854	-	252,343	-
31-Aug-96	353,860	-	319,054	-	253,449	-
30-Sep-96	355,241	-	320,301	-	254,555	-
31-Oct-96	356,630	-	321,558	-	255,660	-
30-Nov-96	358,027	-	322,825	-	256,766	-
31-Dec-96	359,431	359,431	324,103	324,103	257,872	257,873
31-Jan-97	354,701	-	319,616	-	259,006	-
28-Feb-97	356,085	-	320,882	-	260,141	-
31-Mar-97	357,441	-	322,183	-	261,276	-
30-Apr-97	358,804	-	323,493	-	262,411	-
31-May-97	360,174	-	324,813	-	263,546	-
30-Jun-97	361,552	361,552	326,143	326,143	264,681	264,682
31-Jul-97	356,568	-	321,482	-	265,846	-
31-Aug-97	357,925	-	322,797	-	267,010	-
30-Sep-97	359,264	-	324,138	-	268,175	-
31-Oct-97	360,609	-	325,488	-	269,340	-
30-Nov-97	361,962	-	326,848	-	270,505	-
31-Dec-97	363,323	363,323	328,217	328,217	271,670	271,671
31-Jan-98	358,175	-	323,445	-	272,865	-
28-Feb-98	359,514	-	324,799	-	274,061	-
31-Mar-98	360,844	-	326,170	-	275,256	-
30-Apr-98	362,181	-	327,550	-	276,452	-
31-May-98	363,525	-	328,941	-	277,647	-
30-Jun-98	364,876	364,876	330,340	330,340	278,843	278,844
31-Jul-98	359,647	-	325,519	-	280,070	-
31-Aug-98	360,976	-	326,902	-	281,297	-
30-Sep-98	362,306	-	328,298	-	282,524	-
31-Oct-98	363,642	-	329,704	-	283,752	-
30-Nov-98	364,986	-	331,119	-	284,979	-
31-Dec-98	345,195	366,337	311,401	332,543	265,063	286,207
31-Jan-99	339,832	-	306,536	-	266,230	-
28-Feb-99	341,035	-	307,890	-	267,396	-
31-Mar-99	342,245	-	309,252	-	268,563	-
30-Apr-99	343,462	-	310,621	-	269,729	-
31-May-99	344,685	-	311,999	-	270,896	-
30-Jun-99	342,807	345,915	310,277	313,385	268,954	272,063
31-Jul-99	337,486	-	305,460	-	270,138	-

SCHEDULE D
TO
LEASE

GM Locos

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$)	C2 (US$)
31-Aug-99	338,675	-	306,818	-	271,321	-
30-Sep-99	339,878	-	308,183	-	272,505	-
31-Oct-99	341,087	-	309,557	-	273,689	-
30-Nov-99	342,303	-	310,938	-	274,872	-
31-Dec-99	337,674	343,526	306,477	312,329	270,204	276,057
31-Jan-2000	332,440	-	301,752	-	271,393	-
29-Feb-2000	333,605	-	303,107	-	272,582	-
31-Mar-2000	334,792	-	304,467	-	273,772	-
30-Apr-2000	335,985	-	305,837	-	274,961	-
31-May-2000	337,185	-	307,214	-	276,150	-
30-Jun-2000	330,024	338,390	300,234	308,601	268,972	277,340
31-Jul-2000	324,919	-	295,643	-	270,156	-
31-Aug-2000	326,054	-	296,986	-	271,340	-
30-Sep-2000	327,216	-	298,335	-	272,523	-
31-Oct-2000	328,384	-	299,693	-	273,707	-
30-Nov-2000	329,558	-	301,060	-	274,891	-
31-Dec-2000	320,062	330,739	291,760	302,436	265,398	276,075
31-Jan-2001	315,127	-	287,342	-	266,566	-
28-Feb-2001	316,224	-	288,666	-	267,734	-
31-Mar-2001	317,353	-	289,998	-	268,902	-
30-Apr-2001	318,488	-	291,339	-	270,070	-
31-May-2001	319,630	-	292,689	-	271,238	-
30-Jun-2001	307,976	320,777	281,247	294,048	259,605	272,407
31-Jul-2001	303,246	-	277,038	-	260,748	-
31-Aug-2001	304,298	-	278,337	-	261,890	-
30-Sep-2001	305,387	-	279,646	-	263,033	-
31-Oct-2001	306,483	-	280,964	-	264,175	-
30-Nov-2001	307,584	-	282,292	-	265,318	-
31-Dec-2001	293,931	308,691	268,869	283,628	251,701	266,461
31-Jan-2002	289,440	-	264,901	-	252,808	-
28-Feb-2002	290,440	-	266,170	-	253,916	-
31-Mar-2002	291,483	-	267,452	-	255,024	-
30-Apr-2002	292,532	-	268,742	-	256,132	-
31-May-2002	293,586	-	270,042	-	257,239	-
30-Jun-2002	278,076	294,646	254,782	271,351	241,777	258,348
31-Jul-2002	273,854	-	251,087	-	242,841	-
31-Aug-2002	274,798	-	252,321	-	243,905	-
30-Sep-2002	275,789	-	253,571	-	244,969	-
31-Oct-2002	276,785	-	254,830	-	246,033	-

SCHEDULE D
TO
LEASE

GM Locos

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$)	C2 (US$)
30-Nov-2002	277,786	-	256,099	-	247,097	-
31-Dec-2002	260,546	278,793	239,129	257,377	229,914	248,162
31-Jan-2003	256,621	-	235,736	-	230,926	-
28-Feb-2003	257,503	-	236,931	-	231,938	-
31-Mar-2003	258,436	-	238,145	-	232,950	-
30-Apr-2003	259,373	-	239,369	-	233,962	-
31-May-2003	260,316	-	240,602	-	234,973	-
30-Jun-2003	241,349	261,264	221,930	241,845	216,071	235,986
31-Jul-2003	237,750	-	218,866	-	217,021	-
31-Aug-2003	238,564	-	220,019	-	217,972	-
30-Sep-2003	239,433	-	221,194	-	218,923	-
31-Oct-2003	240,307	-	222,379	-	219,874	-
30-Nov-2003	241,186	-	223,574	-	220,825	-
31-Dec-2003	220,593	242,069	203,303	224,778	200,300	221,777
31-Jan-2004	217,347	-	201,182	-	201,182	-
29-Feb-2004	218,088	-	202,063	-	202,063	-
31-Mar-2004	218,888	-	202,945	-	202,945	-
30-Apr-2004	219,693	-	203,977	-	203,826	-
31-May-2004	220,502	-	205,131	-	204,708	-
30-Jun-2004	198,373	221,315	183,353	206,294	182,648	205,590
31-Jul-2004	195,504	-	183,452	-	183,452	-
31-Aug-2004	196,168	-	184,255	-	184,255	-
30-Sep-2004	196,895	-	185,059	-	185,059	-
31-Oct-2004	197,625	-	185,863	-	185,863	-
30-Nov-2004	198,359	-	186,667	-	186,667	-
31-Dec-2004	174,775	199,097	163,148	187,472	163,148	187,472
31-Jan-2005	172,307	-	163,866	-	163,866	-
28-Feb-2005	172,892	-	164,584	-	164,584	-
31-Mar-2005	173,540	-	165,302	-	165,302	-
30-Apr-2005	174,191	-	166,020	-	166,020	-
31-May-2005	174,846	-	166,738	-	166,738	-
30-Jun-2005	149,877	175,505	141,828	167,457	141,828	167,457
31-Jul-2005	147,834	-	142,452	-	142,452	-
31-Aug-2005	148,336	-	143,076	-	143,076	-
30-Sep-2005	148,901	-	143,700	-	143,700	-
31-Oct-2005	149,469	-	144,324	-	144,324	-
30-Nov-2005	150,041	-	144,948	-	144,948	-
31-Dec-2005	123,748	150,615	118,705	145,574	118,705	145,574
31-Jan-2006	122,151	-	119,228	-	119,228	-

SCHEDULE D
TO
LEASE

GM Locos

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$)	C2 (US$)
28-Feb-2006	122,566	-	119,750	-	119,750	-
31-Mar-2006	123,044	-	120,273	-	120,273	-
30-Apr-2006	123,525	-	120,795	-	120,795	-
31-May-2006	124,009	-	121,318	-	121,318	-
30-Jun-2006	96,448	124,495	93,793	121,841	93,793	121,841
31-Jul-2006	95,317	-	94,206	-	94,206	-
31-Aug-2006	95,640	-	94,619	-	94,619	-
30-Sep-2006	96,028	-	95,031	-	95,031	-
31-Oct-2006	96,418	-	95,444	-	95,444	-
30-Nov-2006	96,809	-	95,857	-	95,857	-
31-Dec-2006	84,071	97,204	83,137	96,271	83,137	96,271
31-Jan-2007	83,508	-	83,503	-	83,503	-
26-Feb-2007	83,821	83,821	83,821	83,821	83,821	83,821

SCHEDULE E
TO
LEASE

PURCHASE PRICE

The Purchase Price or the Deficiency Payment per GE Item of Equipment payable pursuant to Section 19 of the Lease shall be (a) the amount U.S. Dollars 62,263.88 plus (b) the amount of Yen equal to U.S. U.S. Dollars 88,808.12 converted into Yen at the Specified Exchange Rate.

The Purchase Price or the Deficiency Payment per GM Item of Equipment payable pursuant to Section 19 of the Lease shall be (a) the amount U.S. Dollars 58,767.28 plus (b) the amount of Yen equal to U.S. U.S. Dollars 83,820.82 converted into Yen at the Specified Exchange Rate.

CERTIFICATE OF NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA:
SS
COUNTY OF PHILADELPHIA :

I am a notary public in the Commonwealth of Pennsylvania and I have compared the attached copy with the original and have found the copy to be complete and identical in all respects to the original.

(NOTARIAL SEAL)

Jeanne McAteer
Notary Public

My Commission Expires:

Notarial Seal
Jeanne McAteer, Notary Public
Philadelphia, Philadelphia County
My Commission Expires June 10, 1996
Member, Pennsylvania Association of Notaries

Notarial Seal
Jeanne McAteer, Notary Public
Philadelphia, Philadelphia County
My Commission Expires June 10, 1996
Member, Pennsylvania Association of Notaries