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16869
RECORDATION NO _____ FILED 1425

MAY 15 1990 PM

INTERSTATE COMMERCE COMMISSION

May 15, 1990

16869-A
RECORDATION NO _____ FILED 1425

MAY 15 1990 PM

INTERSTATE COMMERCE COMMISSION

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INTERSTATE COMMERCE COMMISSION
RECORDATION UNIT

Ms. Noreta R. McGee
Secretary
INTERSTATE COMMERCE COMMISSION
Washington, D.C. 20423

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two fully executed original copies of a Lease Agreement No. 3 dated as of May 8, 1990, a primary document, and a Lease Supplement No. 1 dated May 15, 1990, a secondary document.

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

Lessor: ORIX Aircraft Corporation
World Trade Center Building - 35F
2-4-1, Hamamatsu-Cho
Minato-Ku, Tokyo 105
JAPAN

Lessee: BN Leasing Corporation
777 Main Street
Fort Worth, Texas 76102

A description of the railroad equipment covered by the enclosed documents is set forth in Schedule I attached hereto and made a part hereof.

Also enclosed is a check in the amount of $30 payable to the order of the Interstate Commerce Commission covering the required recordation fees.

Kindly return stamped copies of the enclosed documents to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

A short summary of the enclosed documents to appear in the Commission's Index is:

> Lease Agreement No. 3 dated as of May 8, 1990 between ORIX Aircraft Corporation, Lessor, and BN Leasing Corporation, Lessee, together with Lease Supplement No. 1 dated May 15, 1990 covering six GM SD-60M Locomotives bearing BN marks and numbers.

Very truly yours,

Charles T. Kappler

CTK/bg
Enclosures

SCHEDULE I
TO
LEASE SUPPLEMENT NO. 1

SCHEDULE OF LOCOMOTIVES
SIX GM SD-60M LOCOMOTIVES

Number	BN Road Number	Manufacturer Serial Number
1	9210	887033-11
2	9212	887033-13
3	9220	887033-21
4	9227	887033-28
5	9245	887033-46
6	9246	887033-47

LEASE AGREEMENT NO. 3

Between

ORIX AIRCRAFT CORPORATION,

Lessor

and

BN LEASING CORPORATION,

Lessee

RECORDATION NO 16869 FILED 1425
MAY 15 1990 12 22 PM
INTERSTATE COMMERCE COMMISSION

6 General Motors SD-60M Locomotives

Dated as of May 8, 1990

This Lease (including without limitation all rights to receive all payments hereunder) is a registered instrument and is registered in the name of ORIX Aircraft Corporation. No transfer by Lessor of any interest in any of the Locomotives, this Lease or in the right to receive any payments hereunder (a) shall be permitted unless such transfer complies with the registration provisions of Section 13(c) hereof and the other provisions of the Operative Documents or (b) shall be effective until final acceptance and registration of the transfer by Lessee.

FILED WITH THE INTERSTATE COMMERCE COMMISSION
PURSUANT TO 49 U.S.C. § 11303
ON MAY ___, 1990 AT _____ __.M.
RECORDATION NUMBER _____

TABLE OF CONTENTS

		Page
Section 1.	Definitions.	1
Section 2.	Acceptance and Leasing of Locomotives. . . .	1
Section 3.	Term and Rent.	1
	(a) Term.	1
	(b) Basic Rent.	1
	(c) Supplemental Rent	1
	(d) Place and Manner of Payment	2
Section 4.	Lessor's Representations and Warranties; Certain Agreements	2
Section 5.	Return of the Locomotives.	3
	(a) Return of the Locomotives	3
	(b) Condition of Locomotives.	3
	(c) Storage	3
Section 6.	Liens.	3
Section 7.	Rules, Laws and Regulations; Maintenance; Possession; Marking and Insignia	4
	(a) Rules, Laws and Regulations; Maintenance	4
	(b) Use and Possession.	5
	(c) Transfer of Leasehold Interest.	6
	(d) Insignia.	6
Section 8.	Alterations, Modifications and Additions . .	7
Section 9.	Early Termination of Lease and Sale of Locomotives	8
	(a) Lessee's Right of Voluntary Termination	8
	(b) Lessee's Right of Termination for Cause	9
	(c) Illegality.	10
	(d) Other Rights of Termination	10

Page

(e) Purchase of Locomotives on Termination 11
(f) Termination of Lease. 13

Section 10. Loss, Destruction, Requisition, Etc. 13

(a) Event of Loss with Respect to a Locomotive 13
(b) Eminent Domain. 16

Section 11. Insurance. 16

(a) Coverage, Etc. 16
(b) Reports, Etc. 17
(c) Salvage Rights. 18

Section 12. Inspection 18

Section 13. Assignment; Merger; Registered Instrument 18

(a) Assignment. 18
(b) Merger. 18
(c) Registered Instrument 19

Section 14. Events of Default. 20

Section 15. Remedies 22

Section 16. Certain Rights of Lessee 22

Section 17. Further Assurances 23

Section 18. Notices. 23

Section 19. No Set-Off, Counterclaim, Etc. 24

Section 20. Purchase of Locomotives at End of Term. 24

Section 21. General Indemnification and Waiver of Certain Claims. 25

(a) Claims Defined. 25

Page

(b) Indemnified Person Defined. 26
(c) Claims Indemnified. 26
(d) Claims Excluded 26
(e) Insured Claims. 27
(f) Claims Procedure. 27
(g) Subrogation 28

Section 22. Monies Received by Lessor. 29

Section 23. Miscellaneous. 29

Section 24. Jurisdiction, Service of Process and Waiver of Immunity 30

Section 25. Lessor's Obligation to Deliver Bills of Sale; Lessor's Default. 31

(a) Lessor's Obligation to Deliver Bills of Sale 31
(b) Special Termination Events. 32

Section 26. Notice of Termination to Lender. 33

Section 27. Counterparts 34

APPENDIX A DEFINITIONS
EXHIBIT A LEASE SUPPLEMENT
SCHEDULE A BASIC RENT PAYMENTS
SCHEDULE B STIPULATED LOSS VALUE
SCHEDULE C SPECIAL TERMINATION VALUE
SCHEDULE D REDUCED SPECIAL TERMINATION VALUE
SCHEDULE E UNWIND VALUE
SCHEDULE F PURCHASE PRICE OR EXPIRATION PAYMENT

LEASE AGREEMENT NO. 3

This Lease Agreement No. 3, dated as of May 8, 1990, between ORIX AIRCRAFT CORPORATION, a corporation formed under the laws of Japan, with its registered office at World Trade Center Building 36F, 4-1 Hamamatsu-cho 2-chome, Minato-Ku, Tokyo, Japan ("Lessor"), and BN LEASING CORPORATION, a Delaware corporation with its principal place of business at 777 Main Street, Fort Worth, Texas 76102 ("Lessee").

W I T N E S S E T H:

Section 1. Definitions. Unless the context otherwise requires, all capitalized terms used herein shall have the meanings set forth in Appendix A hereto for all purposes of this Lease.

Section 2. Acceptance and Leasing of Locomotives. Lessor hereby agrees to lease to Lessee hereunder, and Lessee hereby agrees to lease from Lessor hereunder, the Locomotives, as evidenced by the execution and delivery by Lessor and Lessee of the Lease Supplement leasing the Locomotives hereunder. The execution and delivery by Lessee of the Lease Supplement shall, without further act, irrevocably constitute acceptance by Lessee of the Locomotives for all purposes of this Agreement.

Section 3. Term and Rent. (a) Term. Except as otherwise provided herein, the Term shall commence on the Closing Date and shall end on the Lease Expiry Date.

(b) Basic Rent. Lessee hereby agrees to pay to Lessor Basic Rent in arrears for the Locomotives throughout the Term in consecutive installments, the first installment of which shall be due and payable on November 15, 1990 and the remaining installments of which shall be due and payable on the Lease Period Dates shown on Schedule A and in the amounts computed as provided in Schedule A.

(c) Supplemental Rent. Lessee also agrees to pay to Lessor 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 law, as in the case of nonpayment of Basic Rent.

(d) Place and Manner of Payment. Subject to the provisions of Section 13(c) hereof, all Basic Rent, Supplemental Rent and the Purchase Price shall be paid to Lessor in the currency designated for the payment of such amounts pursuant to the terms hereof or, in the case of certain tax indemnity payments, as designated under the Agreement to Purchase and Lease, at its office at the address set forth in Section 18 hereof, or at such other address outside the United States as Lessor may specify in writing to Lessee at least 10 Business Days prior to the due date of the relevant payment. All payments of Basic Rent and Supplemental Rent shall be paid in immediately available funds to the Canadian Dollar Account or the Yen Account, as may be appropriate.

Section 4. Lessor's Representations and Warranties; 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, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE OF THE LOCOMOTIVES, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE LOCOMOTIVES OR ANY PART THEREOF, except that Lessor warrants that (i) on the Closing Date Lessor shall have received whatever title was conveyed to it by Lessee and (ii) the Locomotives shall at all times be free of Lessor's Liens. Lessor shall not have any responsibility or liability to Lessee or any other Person, regardless of any negligence (other than gross negligence or willful misconduct) of Lessor, with respect to (w) any liability, loss or damage caused or alleged to be caused directly or indirectly by any of the Locomotives 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 of the Locomotives or any risks relating thereto, (y) any interruption of service, loss of business or anticipated profits or consequential damages or (z) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any of the Locomotives.

(b) Except as expressly permitted by Section 15, neither Lessor nor anyone claiming through or under Lessor (including any Kumiai-in or Unrelated Kumiai-in) shall take or cause to be taken any action inconsistent with Lessee's right to quiet enjoyment of, or otherwise interrupt or interfere with Lessee's continuing possession, use or operation of, the Locomotives. Lessor will promptly, at its own expense, take such action as may

be necessary duly to discharge any Lessor's Lien with respect to any of the Locomotives, title thereto or any interest therein or in this Lease if the same shall arise at any time.

Section 5. Return of the Locomotives.
(a) Return of the Locomotives. Upon the expiration or termination of this Lease pursuant to Section 20 with respect to the Locomotives, unless the Locomotives are purchased by Lessee as provided in Section 20, Lessee, at its own expense, shall return the Locomotives by delivering the same to Lessor upon such tracks of Lessee or any Affiliate of Lessee as Lessee and Lessor shall mutually agree.

(b) Condition of Locomotives. The Locomotives when returned to Lessor (i) shall be free and clear of all Liens (other than Lessor's Liens and the rights of third parties under interchange, repair or other similar arrangements permitted by the terms of this Lease) and (ii) shall be in a condition mechanically acceptable for service (it being understood that the phrase "mechanically acceptable for service" means that the Locomotives shall be capable of performing the functions for which they were originally designed).

(c) Storage. At the written request of Lessor received by Lessee at least 60 days in advance of the date provided for redelivery to Lessor under Section 5(a), Lessee will permit Lessor to store any one or more of the Locomotives on such tracks as selected by Lessee beyond the Term for a period not exceeding 30 days at Lessor's risk and expense (including expenses relating to insurance).

Section 6. Liens. Lessee will not, directly or indirectly, create, incur, assume or suffer to exist any Lien on or with respect to the Locomotives, 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 Lender, (b) the rights of others under agreements or arrangements to the extent expressly permitted by the terms of Section 7(b), 7(c) or 8(b), (c) Lessor's Liens, (d) Liens of, or against, the Lender or any Affiliate thereof, (e) Liens resulting from any act or omission of the Lender or any Affiliate thereof not required or expressly permitted by the terms of this Lease, the Agreement to Purchase and Lease or any other

Operative Document, (f) 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 substantial danger of the sale, forfeiture or loss of the Locomotives or interest therein, (g) materialmen's, mechanics', workmen's, repairmen's, employees', suppliers', 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 substantial danger of the sale, forfeiture or loss of the Locomotives or interest therein, (h) 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 and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review, and (i) 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 duly to discharge any such Lien not excepted above if the same shall arise at any time.

Section 7. Rules, Laws and Regulations; Maintenance; Possession; Marking and Insignia. (a) Rules, Laws and Regulations; Maintenance. Lessee agrees to comply with all governmental laws, regulations, requirements and rules of the jurisdictions where the Locomotives are operated (including, without limitation, the lawful rules, if any, of the Federal Railroad Administration, the Interstate Commerce Commission and the interchange rules or supplements thereto of the Mechanical Division, Association of American Railroads, as the same may be in effect from time to time), if any, with respect to the use and maintenance of each Locomotive subject to this Lease. In case any equipment or appliance is required to be altered, added, replaced or modified on any Locomotive in order to comply with such laws, regulations, requirements and rules (a "Required Modification"), Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense; provided, however, that Lessee may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not materially adversely affect Lessor. Notwithstanding anything herein to the contrary, if Lessee determines in good faith that any Required Modification to

a Locomotive would be economically impractical, it shall provide written notice of such determination to the Lessor and the parties hereto shall treat such Locomotive as if an Event of Loss had occurred as of the date of such written notice with respect to such Locomotive and the provisions of Section 10(a) shall apply with respect to such Locomotive. Lessee shall, at its own cost and expense, maintain or cause to be maintained the Locomotives (i) in accordance with prudent Class I Railroad industry maintenance practices, if any, and (ii) in a manner consistent with maintenance practices used by Lessee in respect of equipment owned or leased on a net basis by Lessee similar in nature to the Locomotives.

(b) Use and Possession. Lessee shall be entitled to the possession of the Locomotives and to the use of the Locomotives by it or any Affiliate upon lines of railroad owned or operated by it or any such Affiliate or upon lines of railroad over which Lessee or any such Affiliate has trackage or other operating rights or over which railroad equipment of Lessee or any such Affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Locomotives upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements. Without limitation of the foregoing sentence, Lessee may, at any time, without the prior consent of Lessor, sublease any Locomotive to, or permit the use of any Locomotive by, Burlington Northern Railroad Company or a user incorporated in the United States of America, Mexico or Canada upon lines of railroad owned or operated by Lessee, any Affiliate of Lessee, such user or by a railroad company or companies incorporated in the United States of America, Mexico or Canada 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 connecting railroads and other carriers in the usual interchange of traffic or in-through or run-through service; provided that (i) the term of any such sublease (including, without limitation, any option of the sublessee to renew or extend) shall not continue beyond the end of the Term; (ii) any such sublease shall be made expressly subject and subordinate to all the terms of this Lease and (iii) Lessee shall remain primarily liable hereunder for the performance of all the terms of this Lease to the same extent as if such sublease or transfer had not occurred.

(c) Transfer of Leasehold Interest. Except to the extent permitted by this Section 7(c) or in connection with a transaction permitted by Section 13(b), Lessee shall not sell, assign, convey or otherwise transfer its right and interest in and to any of the Locomotives and this Lease unless Lessor shall first have consented thereto in writing, which consent shall not be unreasonably withheld. Notwithstanding the foregoing sentence of this Section 7(c):

(i) Lessee may, without the consent of Lessor, grant to a third party a security interest in all or part of Lessee's right and interest in and to any of the Locomotives and this Lease relating thereto; provided that (x) such grant of a security interest shall not extend beyond the Term, (y) the rights of any such third party shall be expressly subject and subordinate to the interest of Lessor under this Lease and to all the terms of this Lease, and (z) Lessee shall remain primarily liable hereunder for the performance of all of the terms of this Lease to the same extent as if such grant had not occurred; and

(ii) Lessee or any third party exercising remedies against Lessee pursuant to any security interest described in clause (i) above may, upon the prior written consent of Lessor, which consent shall not be unreasonably withheld, sell, transfer, assign, convey or otherwise transfer to any creditworthy Person Lessee's right and interest in and to any of the Locomotives and this Lease relating thereto; provided that the transferee shall deliver an agreement in writing to Lessor and Lessee agreeing to be bound by the terms of this Lease and the Agreement to Purchase and Lease.

Upon any transfer of Lessee's right and interest in and to any of the Locomotives and this Lease relating thereto pursuant to this Section 7(c) with the consent of Lessor, the transferee shall, without further act, be substituted as Lessee hereunder and Lessee shall, without further act, be discharged and released from all obligations on the part of Lessee subsequently arising hereunder or under the Agreement to Purchase and Lease.

(d) Insignia. On or prior to the Closing Date of the Locomotives or as soon thereafter as is reasonably

practicable, Lessee shall cause each Locomotive to be numbered with its reporting mark shown on the Lease Supplement, dated the Closing Date, covering such Locomotive, and shall thereafter during the Term maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting colors upon each side of each Locomotive, in letters not less than one inch in height, a legend substantially as follows: "TITLE TO THIS LOCOMOTIVE IS HELD BY ORIX AIRCRAFT CORPORATION", with such changes thereof and additions thereto as may from time to time be required by law or as may be notified by Lessee to Lessor and are not at the time of such notification objected to by Lessor. Except as provided above, Lessee will not allow the name of any Person to be placed on any Locomotive as a designation that constitutes a claim of ownership; provided that nothing herein contained shall prohibit Lessee (or any Person to which possession of a Locomotive is delivered or transferred in accordance with Section 7(b) or (c)) from causing the Locomotives to be lettered with the names or initials or other insignia customarily used by Lessee, any sublessee or any of their respective Affiliates on railroad equipment used by it or such sublessee or such Affiliate of the same or similar type.

Section 8. Alterations, Modifications and Additions. In addition to Required Modifications, Lessee, at its own expense, may from time to time make or cause to be made such alterations and modifications in and additions to any Locomotive as Lessee may deem desirable in the proper conduct of its business, including, without limitation, replacement or removal of Parts, provided that no such alteration, modification, addition, replacement or removal shall materially diminish the value or utility of such Locomotive, or impair the condition thereof below the value, utility and condition thereof immediately prior to such alteration, modification, addition, replacement or removal assuming such Locomotive was then of the value and utility and in the condition required to be maintained by the terms of this Lease, except that the value (but not the utility or condition) of such Locomotive may be reduced by the value of obsolete parts which shall have been removed. Title to any Non-Severable Modifications shall, without further act, vest in Lessor. Title to any Severable Modifications which are not required to be made pursuant to Section 7(a) shall remain vested in Lessee. Lessee may remove such Severable Modifications at Lessee's cost and expense. In addition, Lessee may, at its own

cost and expense, remove or cause to be removed in the ordinary course of maintenance, service or repair, 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 in the case of Severable Modifications, will, at its own cost and expense, replace or cause to be replaced such Parts as promptly as practicable. Title to all Parts, other than Severable Modifications, at any time removed from any Locomotive shall remain in Lessor, 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 Locomotive and which meet the requirements for replacement Parts specified above. Immediately upon any replacement Part (other than a Severable Modification) becoming incorporated or installed in or attached to any Locomotive as above provided, without further act, (a) title to the replaced Part shall thereupon vest in Lessee, free and clear of all rights of Lessor, the Lender and any Affiliate of either thereof, and shall no longer be deemed a Part hereunder, (b) title to such replacement Part shall thereupon vest in Lessor free and clear of all Liens (except Permitted Liens) and (c) such replacement Part shall become subject to this Lease and be deemed part of such Locomotive for all purposes to the same extent as the Parts originally incorporated or installed in or attached to such Locomotives. Notwithstanding anything to the contrary contained herein or in the other Operative Documents, Lessee shall at all times own and be entitled to remove at Lessee's cost and expense proprietary and communications equipment from any Locomotive prior to the return of any Locomotive as long as such proprietary and communications equipment is removable without material damage to such Locomotive. To the extent necessary to comply with Section 7(a), Lessee at its cost and expense will replace such removed proprietary and communications equipment with non-proprietary equipment necessary and required to cause any such Locomotive to comply with the requirements of Section 7(a).

Section 9. Early Termination of Lease and Sale of Locomotives. (a) Lessee's Right of Voluntary Termination. Lessee shall have the right, at its option upon not less than six (6) months' but not more than eighteen (18) months' notice specifying a proposed date of Termination (a "Termination Date"), which date shall be a Business Day, to terminate this Lease and purchase the Locomotives

on or at any time after the seventh anniversary of the Closing 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 seven Business Days' notice (provided, that Lessee may give less than seven Business Days' notice if in Lessee's good faith judgment Lessee is likely to suffer any material adverse consequences if termination is delayed for such seven Business Days) specifying a proposed Termination Date, at any time after the occurrence of any of the following events:

(i) United States Taxes are or would be, in Lessee's good faith judgment, imposed or assessed on or with respect to, or required to be deducted or withheld from, any payment of Rent or amounts payable hereunder as the purchase price for the Locomotives or any other payment to be made pursuant to this Lease or any other Operative Document;

(ii) an official announcement by the Ministry of Finance of Japan, the National Tax Administration Agency of Japan, the Japanese Ministry of Foreign Affairs, the Bank of Japan, the Japanese Ministry of International Trade and Industry, the Prime Minister of Japan or any taxing or any other responsible governmental authority of Japan or by the United States Treasury Department, Internal Revenue Service, State Department or the President of the United States of America or by any taxing or any other responsible governmental authority of the United States of America has been made to the effect that the United States of America or Japan intends to seek an amendment to or replacement for, or a termination of, the Treaty (or any amended or successor treaty) which action, if adopted, in Lessee's good faith judgment, might result in the imposition of United States Taxes on or with respect to, or the withholding or deduction of United States Taxes from, any payment (or portion thereof) made by Lessee under the Lease or any other Operative Document at a rate greater than 10%; or

(iii) Lessee shall have received from Lessor a written demand for any amount payable to or on behalf of the Lessor or any Related Kumiai-in pursuant to

Section 9(a) of the Agreement to Purchase and Lease with respect to any Taxes.

Each of Lessee and Lessor agree to give notice promptly to the other after becoming aware of any official announcement made by the governmental authorities of the United States or Japan, respectively, and referred to in Section 9(b)(ii); provided that the delivery of such notice shall not be a condition to, or in any manner prejudice or affect, Lessee's right to terminate this Lease under Section 9(b)(ii).

(c) Illegality. Each party hereto shall have the right, upon not less than seven Business Days' notice (provided, that such party may give less than seven Business Days' notice if in such party's good faith judgment such party is likely to suffer any material adverse consequences if termination is delayed for such seven Business Days) specifying a proposed Termination Date, to terminate this Lease at any time if it shall become unlawful under the laws of any applicable jurisdiction for such party to participate, or continue to participate, in the transactions contemplated by this Lease and the other Operative Documents or to perform a material obligation hereunder or thereunder, and such party shall have furnished to the other party an opinion of counsel describing those actions, obligations or provisions the performance of, or compliance with, which is unlawful and stating 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.

(d) Other Rights of Termination. Lessee shall have the right to terminate this Lease at any time after the occurrence of a Special Termination Event as defined in Section 25(b) hereof, and the Termination Date shall be the date Lessee gives notice of such termination. Each party hereto shall have the right, upon not less than seven Business Days' notice (provided, that such party may give less than seven Business Days' notice if in such party's good faith judgment such party is likely to suffer any material adverse consequences if termination is delayed for such seven Business Days) specifying a proposed Termination Date, to terminate this Lease at any time if the Lender accelerates the payment of the Loan pursuant to Section 7.1 or 7.2 of the Loan Agreement. Lessor shall have the right, upon not less than seven

Business Days' notice (provided, that Lessor may give less than seven Business Days' notice if in Lessor's good faith judgment Lessor is likely to suffer any material adverse consequences if termination is delayed for such seven Business Days) specifying a proposed Termination Date, to terminate this Lease after the occurrence of a change in Japanese Tax Law after the Closing Date that effectively disallows to the Lessor deductions for interest payable by Lessor under the Loan Agreement and/or depreciation on the Locomotives in such amounts and at such times as would be available to owners of Locomotives under Japanese Tax Law as of the Closing Date. Lessor shall have the right, upon not less than seven Business Days' notice (provided, that Lessor may give less than seven Business Days' notice if in Lessor's good faith judgment Lessor is likely to suffer any material adverse consequences if termination is delayed for such seven Business Days) specifying a proposed Termination Date, to terminate this Lease if, as a result of a change in any applicable tax law including section 881(c) of the Code and after the use by Lessor and the relevant Kumiai-in of best efforts, Lessor or any Kumiai-in is unable to remain eligible for the exemption in respect of "portfolio interest" provided by section 881(c) of the Code. Each party hereto shall have the right, upon not less than seven Business Days' notice (provided, that such party may give less than seven Business Days' notice if in such party's good faith judgment such party is likely to suffer any material adverse consequences if termination is delayed for such seven Business Days) specifying a proposed Termination Date, to terminate this Lease if as a result of a change in factual circumstance (other than as a result of a change in law referred to in the previous sentence) and after the use by Lessor and the relevant Kumiai-in of best efforts, Lessor or any Kumiai-in is unable to remain eligible for the exemption in respect of "portfolio interest" provided by section 881(c) of the Code.

(e) Purchase of Locomotives on Termination. (i) Upon any termination pursuant to Section 9(a), 9(b)(iii) (relating to Taxes imposed by any jurisdiction other than Japan or any political subdivision thereof), or 9(c) (where the illegality arises under the laws of a jurisdiction other than Japan), Lessee shall acquire the Locomotives by, as the purchase price for the Locomotives, paying Lessor the Stipulated Loss Value for the Locomotives, computed as provided in Schedule B with reference to the Termination Date.

(ii) Upon any termination pursuant to Section 9(b)(i) (other than any termination pursuant to Section 9(b)(i) described in Section 9(e)(iii)), 9(b)(ii) or the second sentence of 9(d), Lessee shall acquire the Locomotives by, as the purchase price for the Locomotives, paying to Lessor the Special Termination Value for the Locomotives, computed as provided in Schedule C with reference to the Termination Date.

(iii) Upon any termination pursuant to Section 9(b)(i) (relating to the unavailability for any reason whatsoever of the exemption in respect of "portfolio interest" provided by section 881(c) of the Code) or the fourth sentence of 9(d), Lessee shall acquire the Locomotives by, as the purchase price for the Locomotives, paying Lessor the Reduced Special Termination Value for the Locomotives, computed as provided in Schedule D with reference to the Termination Date.

(iv) Upon any termination pursuant to Section 9(b)(iii) (relating to Taxes imposed by Japan or any political subdivision thereof), 9(c) (where the illegality arises under the laws of Japan), the first sentence of 9(d), the third sentence of 9(d) or the last sentence of 9(d), Lessee shall acquire the Locomotives by, as the purchase price for the Locomotives, paying Lessor the Unwind Value for the Locomotives, computed as provided in Schedule E with reference to the Termination Date.

(v) In the event Lessee is required to purchase the Locomotives pursuant to subparagraph (i), (ii), (iii) or (iv) of this Section 9(e), then upon payment of the Stipulated Loss Value, Special Termination Value, Reduced Special Termination Value or Unwind Value, as the case may be, and without recourse or warranty (except as to Lessor's Liens) and without further act, as of the Termination Date all of Lessor's right, title and interest in and to the Locomotives shall vest in Lessee in as-is, where-is condition and Lessor 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 the Locomotives in Lessee, free and clear of all right, title and interest of Lessor or any Affiliate thereof and Lessor's Liens. If a Termination Date scheduled pursuant to this Section is not a Business Day, pay-

ment will be made on the next succeeding Business Day, but the "Termination Date" for the purposes of computing (x) the Stipulated Loss Value, Special Termination Value or Reduced Special Termination Value, as the case may be, payable under this Section shall be the scheduled Termination Date and (y) the Unwind Value payable under this Section shall be such next succeeding Business Day.

(f) Termination of Lease. Upon the sale of the Locomotives as contemplated by this Section 9, the obligation of Lessee to pay Basic Rent shall cease for any Lease Period ending on each Lease Period Date occurring subsequent to the date of such sale (unless such sale 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 Stipulated Loss Value, Special Termination Value, Reduced Special Termination Value or Unwind Value, as the case may be, 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), and in each case the Term shall end effective as of the date of such sale.

Section 10. Loss, Destruction, Requisition, Etc. (a) Event of Loss with Respect to a Locomotive. (i) Replacement of Locomotive. Upon the occurrence during the Term of an Event of Loss with respect to a Locomotive, Lessee shall forthwith (and, in any event, within 30 days after such occurrence) give Lessor written notice of such Event of Loss and shall, subject to the provisions of Section 10(a)(ii), not later than the Business Day next preceding the 181st day following the occurrence of such Event of Loss, convey or cause to be conveyed to Lessor, and Lessor shall lease to Lessee hereunder, a Replacement Locomotive (which need not be a new Replacement Locomotive), such Replacement Locomotive to be free and clear of all Liens other than Permitted Liens and to have a value and utility at least equal to, and to be in as good operating condition as, the Locomotive so replaced (assuming such Locomotive was in the condition and repair required by the terms of this Lease); provided that Lessee shall not replace the Locomotive pursuant to this Section 10(a)(i) unless either (x) Lessee shall have provided Lessor with an opinion issued by a major Japanese accounting firm selected by Lessee and acceptable to Lessor to the effect that Lessor would be entitled to depreciation on the Replacement Locomotive at least as

favorable as the depreciation on the Locomotive subject to such Event of Loss or (y) if the opinion of such accounting firm shall have described any reduction or delay in Lessor's depreciation, Lessee shall have agreed to indemnify Lessor against such reduction or delay in a manner satisfactory to Lessor. In connection with any such replacement, Lessee shall:

(A) furnish Lessor with a bill of sale conveying to Lessor the Replacement Locomotive 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 Locomotive and incorporating by reference all the terms and provisions of this Lease, duly executed by Lessee, to be delivered to Lessor for execution (and Lessor shall promptly execute such Lease Supplement) and, upon execution by Lessor, cause such Lease Supplement to be filed for recordation pursuant to 49 U.S.C. § 11303;

(C) furnish Lessor with evidence of compliance with the insurance provisions of Section 11 with respect to the Replacement Locomotive;

(D) furnish Lessor with an opinion, reasonably satisfactory in form and substance to Lessor, of Lessee's counsel, which may be counsel employed by Lessee, to the effect that the bill of sale referred to in sub-clause (A) above constitutes an effective instrument for the conveyance of title to the Replacement Locomotive to Lessor;

(E) furnish Lessor with an Officer's Certificate certifying that, upon consummation of such replacement, no Event of Default will exist hereunder; and

(F) furnish Lessor with a certificate of an engineer (who may be an employee of Lessee) certifying that the Replacement Locomotive has a value and utility at least equal to, and is in as good operating condition as, the Locomotive so replaced, assuming such Locomotive was in the condition and repair required by the terms

hereof immediately prior to the occurrence of such Event of Loss.

Upon the delivery of the bill of sale covering the Replacement Locomotive to Lessor, (x) the lease hereunder of the replaced Locomotive shall cease, (y) without recourse or warranty (except as to Lessor's Liens) and without further act, all of Lessor's right, title and interest, if any, in and to the replaced Locomotive shall vest in Lessee, and Lessor 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 Locomotive in Lessee, in as-is, where-is condition, free and clear of all right, title and interest of Lessor, any Affiliate thereof and Lessor's Liens, and (z) Lessor shall assign to Lessee all claims against third Persons for damage relating to such Locomotive 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 Locomotive pursuant to 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 to pay such Rent in respect of the Replacement Locomotive. For all purposes hereof, upon delivery of such bill of sale covering the Replacement Locomotive to Lessor, such Replacement Locomotive shall be leased hereunder and shall be deemed to be the replaced Locomotive for all purposes hereof.

(ii) Lessee's Purchase Option; Termination of Lease. Notwithstanding the provisions of Section 10(a)(i), if Lessee shall have determined in its sole discretion at any time prior to full compliance with Section 10(a)(i) not to replace the Locomotive with respect to which an Event of Loss shall have occurred as provided therein, or if such replacement shall not have been effected (other than by fault of Lessor) by the 181st day following the Event of Loss, Lessee shall promptly notify Lessor of such determination and, as compensation for such Event of Loss, shall (x) pay to Lessor, on or before the fifteenth Business Day following Lessee's notice of its election not to perform pursuant to Section 10(a)(i) or such 181st day, as the case may be, the Stipulated Loss Value for such Locomotive computed as

provided in Schedule B with reference to the date of payment, which date shall be the Termination Date.

Upon payment of such Stipulated Loss Value for the Locomotive with respect to which an Event of Loss shall have occurred, (1) the obligation of Lessee to pay Basic Rent hereunder with respect to such Locomotive on any Lease Period Date occurring on such date of payment or subsequent thereto shall terminate, (2) the Term shall end with respect to such Locomotive, (3) without recourse or warranty (except as to Lessor's Liens) and without further act, all of Lessor's right, title and interest in and to such Locomotive shall vest in Lessee in as-is, where-is condition, and Lessor 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 Locomotive in Lessee, free and clear of all right, title and interest of Lessor, any Affiliate thereof and Lessor's Liens, (4) any insurance proceeds shall be paid over to or retained by Lessee, and (5) Lessor shall assign to Lessee all claims against third Persons for damage relating to such Locomotive arising from the Event of Loss.

(b) Eminent Domain. In the event that during the Term the use of any Locomotive is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise and such requisition does not constitute an Event of Loss, the Lessee's obligation to pay all installments of Basic Rent shall continue for the duration of such requisition or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for such requisition or taking of possession.

Section 11. Insurance. (a) Coverage, Etc. Lessee will, at all times during the Term, at no expense to Lessor, cause to be carried and maintained (i) property insurance in respect of the Locomotives at the time subject hereto and (ii) public liability insurance with respect to third-party personal and property damage, and Lessee will continue to carry such insurance in such amounts and for such risks and with such insurance companies and subject to such self-insurance as deemed appropriate by Lessee, but in any event not less comprehensive in amounts and against risks customarily insured

against by Lessee in respect of equipment owned or leased by it similar in nature to the Locomotives. All such insurance policies shall name Lessor as an additional insured and shall cover the interest of Lessor and Lessee, as their interests may appear, in the Locomotives. All such liability insurance policies shall also name the Lender as an additional insured. Lessee warrants and affirms that it will satisfy all obligations under each such policy necessary to keep such insurance in full force and effect. To the extent permitted by the terms of applicable insurance coverage, any loss under the property insurance policy referred to above shall be adjusted with Lessee; provided that no such adjustment shall constitute a waiver of the respective rights of the named insureds under such insurance policy. Any property insurance policies carried in respect of the Locomotives in accordance with this Section 11(a) and any policies taken out in substitution or replacement for any such policies shall provide that Lessee shall be loss payee, provided, that upon the occurrence of an Event of Default and only for so long as such Event of Default is continuing, upon the request of Lessor, Lessee shall cause Lessor to be named as loss payee with respect to proceeds up to Stipulated Loss Value. To the extent available and customarily included in policies maintained by Lessee in respect of similar equipment leased by Lessee, all liability insurance policies required to be maintained by Lessee pursuant to this Section 11(a) shall provide that the respective interests of Lessor and the Lender shall not be invalidated by any action or inaction by Lessee or any other named insured, and shall insure Lessor and the Lender regardless of any breach or violation by Lessee or any other named insured of any warranties, declarations or conditions in such policies.

(b) Reports, Etc. On or before the Closing Date, and upon any renewal of the insurance policies carried by Lessee pursuant to this Section 11, Lessee will furnish to Lessor a report signed by a firm of independent insurance brokers, appointed by Lessee, stating the opinion of such firm that the insurance then carried and maintained on the Locomotives complies with the terms hereof; provided that all information contained in such report shall be held confidential by Lessor and each Affiliate thereof and shall not be furnished or disclosed by them to anyone other than their accountants, agents and legal counsel, and except as may be required by an order of any

court or administrative agency or by any statute, rule, regulation or order of any governmental authority.

(c) Salvage Rights. All salvage rights to the Locomotives shall remain with Lessee or Lessee's insurers at all times.

Section 12. Inspection. Lessor may, at its sole cost, expense and risk, inspect any Locomotive and the books and records of Lessee relative thereto during Lessee's normal business hours without interfering with Lessee's operations and upon reasonable prior notice to Lessee. Lessor shall enter and occupy Lessee's property at Lessor's sole risk and shall be subject at all times to Lessee's operating and safety requirements. Any injury, death or property damage arising out of such entry, occupancy and inspection, even if caused or contributed to by Lessee's negligence, gross or otherwise, shall be the entire responsibility of Lessor, and Lessor will indemnify and hold harmless Lessee from any and all such liabilities. Lessor shall have no duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection.

Section 13. Assignment; Merger; Registered Instrument. (a) Assignment. Except as otherwise expressly provided herein, Lessee will not, without the prior written consent of Lessor, assign 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 of the Locomotives, except as otherwise expressly permitted or required hereby. The terms and provisions of the Lease shall be binding upon and inure to the benefit of Lessor and its successors and permitted registered assigns and Lessee and its successors and permitted assigns.

(b) Merger. Lessee shall not consolidate with or merge into any other corporation, or convey, transfer or lease all or substantially all of its assets as an entirety to any Person, unless the corporation formed by such consolidation or into which Lessee is merged or the Person which acquires by conveyance, transfer or lease all or substantially all of the assets of Lessee as an entirety (the "Successor") shall execute and deliver to Lessor an agreement containing an assumption by such Successor of the due and punctual performance and observance of each covenant, term and condition of this

Agreement and the other Operative Documents to be performed or observed by Lessee.

Upon any consolidation or merger, or any conveyance, transfer or lease of all or substantially all of the assets of Lessee, in accordance with this Section 13(b), the Successor shall succeed to, be substituted for, and may exercise every right and power of, and shall assume every obligation and liability of, Lessee under this Agreement and the other Operative Documents with the same effect as if the Successor had been named as Lessee herein and therein. No such conveyance, transfer or lease of all or substantially all of the assets of Lessee shall have the effect of releasing Lessee or any Successor which shall theretofore have become such in the manner prescribed in this Section 13(b) from its liability hereunder.

(c) Registered Instrument. This Lease is a registered agreement. A manually signed copy of this Lease and the Lease Supplement shall be evidence only of Lessor's rights and is not a bearer instrument. Lessee will keep books of registry in which it will register by book entry, and register by book entry any transfer of, Lessor's interest in each Locomotive, 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 any Locomotive, this Lease or in the right to receive any payments hereunder shall be permitted unless a book entry of such transfer is made upon Lessee's registry. Lessor may transfer its interest in any Locomotive, this Lease and the rights to receive any payments hereunder only by written application to Lessee, which shall state the name of the proposed transferee, and otherwise complying with the terms of the Operative Documents. Lessor agrees that it will provide any transferee of such interest with an original counterpart or true copy of each of this Lease and the Lease Supplement. No such transfer shall be effective until, and such transferee shall succeed to the rights of Lessor only upon, final acceptance and registration of the transfer by Lessee.

Prior to the registration of any transfer by Lessor (or any successor to Lessor) as provided in the immediately preceding paragraph, Lessee may deem and treat

the registered owner of this Lease, or any portion hereof, as the owner hereof for all purposes.

Lessee acknowledges that the rights of Lessor to receive certain payments hereunder have been pledged to the Lender (and such acknowledgment constitutes final acceptance of such transfer). Lessee has made an entry of such pledge in its books of registry.

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 remedied:

(a) Lessee shall fail to make any payment (including, without limitation, indemnity payments) hereunder at the time required to be paid hereunder and such failure shall continue unremedied for a period of 10 Business Days after written notice of such failure by Lessor; or

(b) Lessee shall operate any Locomotive when public liability insurance required by Section 11(a) shall not be in effect; or

(c) Lessee shall fail to perform or observe any other material covenant, condition or agreement to be performed or observed by it hereunder and such failure results in a substantial deterioration in the condition of the Locomotives and such failure shall continue unremedied for a period of 60 days after written notice thereof by Lessor; or

(d) 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

(e) Lessee shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any

bankruptcy laws (as now or hereafter in effect) or any answer admitting the material allegations of a petition filed against Lessee in any such proceeding, or Lessee shall, by voluntary petition, answer or consent, seek relief under the provisions of any other now existing or future bankruptcy or other similar law providing for the reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors; or

(f) an order, judgment, or decree shall be entered by any court of competent jurisdiction appointing, without the consent of Lessee, a receiver, trustee or liquidator of Lessee or of any substantial part of its property, or sequestering any substantial part of the property of Lessee, and any such order, judgment or decree of appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of 90 days after the date of entry thereof; or

(g) a petition against Lessee in a proceeding under the Federal bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within 90 days thereafter, or under the provisions of any law providing for reorganization or winding-up of corporations which may apply to Lessee, any court of competent jurisdiction shall assume jurisdiction, custody or control of Lessee or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 90 days; or

(h) an event of default as defined in any of the Related Leases shall have occurred and be continuing;

provided that, upon a grant to a third party by Lessee of a security interest pursuant to and in accordance with Section 7(c)(i) and in order to preserve such third party's opportunity to exercise rights under Section 7(c)(ii), the occurrence of any of the events described in subsections (d), (e), (f) and (g) of this Section 14 shall not constitute an Event of Default under this Lease (it being understood that the occurrence of the events described in subsections (a), (b), (c) and (h)

shall continue to constitute Events of Default under this Lease).

Section 15. Remedies. 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, Lessee shall purchase the Locomotives from Lessor by, as the purchase price for the Locomotives, paying to Lessor the Stipulated Loss Value for the Locomotives computed as provided in Schedule B with reference to the date of payment. Upon such payment to Lessor, and the payment of all other amounts, if any, then due and payable under this Lease, without recourse or warranty (except as to Lessor's Liens) and without further act, all of Lessor's right, title and interest in and to the Locomotives shall vest in Lessee in as-is, where-is condition and Lessor 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 the Locomotives in Lessee, free and clear of all right, title and interest of Lessor, any Affiliate thereof and Lessor's Liens, and the Term shall end. The remedy referred to in this Section 15 shall be exclusive for a period of 90 days following the declaration by Lessor of this Lease to be in default pursuant to the first sentence of this Section 15, and during such period of 90 days Lessor hereby irrevocably waives any other remedy available to Lessor at law or in equity in respect of the Locomotives or any interest therein. From and after such 90th day and in the event Lessee has not yet paid to Lessor the Stipulated Loss Value and all other amounts, if any, then due and payable under this Lease, Lessor shall be entitled to exercise all other remedies available to Lessor under the law governing this Lease.

Section 16. Certain Rights of Lessee. If at any time that Lessee is required to make a payment of Stipulated Loss Value, Special Termination Value, Reduced Special Termination Value, Unwind Value, Purchase Price or Expiration Payment pursuant to Section 9, 10, 15 or 20, or if at any time that Lessee is required to make any such payment, Lessee is also required to make any indemnity payment pursuant to Section 21 or pursuant to the terms of the Agreement to Purchase and Lease, there shall exist a Lessor's Lien or Lessor shall be in breach of any of its

representations, warranties or covenants contained herein or in the Agreement to Purchase and Lease, Lessee shall be entitled to credit against the amount of the Stipulated Loss Value, Special Termination Value, Reduced Special Termination Value, Unwind Value, Purchase Price or Expiration Payment or any indemnity payment, as the case may be, then due and payable by Lessee an amount sufficient to discharge such Lessor's Lien or to compensate Lessee for any damages, losses or expenses incurred by Lessee in respect of such breach by Lessor, plus interest on the amount of any payment made by Lessee in respect of such Lien or such breach at the Canadian Dollar Overdue Rate, with respect to payments required to be made in Canadian Dollars, or the Yen Overdue Rate, with respect to payments required to be made in Yen, per annum from the date of such payment by Lessee to and including the date set for payment of the Stipulated Loss Value, Special Termination Value, Reduced Special Termination Value, Unwind Value, Purchase Price or Expiration Payment or any indemnity amount, as the case may be, due hereunder or under the Agreement to Purchase and Lease.

Section 17. Further Assurances. Each of Lessor and Lessee will promptly and duly 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 more effectively to carry out the intent and purpose of this Lease including, without limitation, if requested by Lessor or Lessee, the execution and delivery of supplements or amendments hereto, in recordable form, subjecting to this Lease any Replacement Locomotive and the recording or filing of counterparts thereof.

Section 18. Notices. All notices required under the terms and provisions hereof shall be in English and in writing, and may be given by airmail, telegram, telefax, cable, telex (confirmed by telephone in the case of notice by telefax, telex, telegram or cable) or any other customary means of communication, and any such notice shall be effective when delivered (a) if to Lessee, at 777 Main Street, Fort Worth, Texas 76102, Attention: Treasurer, Telefax: (817) 878-2314, or at such other address as Lessee shall from time to time designate in writing to Lessor and (b) if to Lessor, at World Trade Center Building 36F, 4-1 Hamamatsu-cho 2-chome, Minato-ku, Tokyo 105, Japan, Attention: General Manager Project Finance & Leasing Marketing Dept. International Head

quarters, Telex: J24642, Telefax: 81-3-434-7970, or at such other address as Lessor shall from time to time designate in writing to Lessee.

Section 19. No Set-Off, Counterclaim, Etc. Except as provided in Section 16, Lessee's obligation to pay all Rent shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (a) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or any other Person for any reason whatsoever, (b) any defect in the title, condition, design, operation, or fitness for use of, or any damage to or loss or destruction of, any Locomotive, or any interruption or cessation in the use or possession thereof by Lessee for any reason whatsoever, or (c) 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 19 shall be construed to waive any claim which Lessee may have under any of the Operative Documents (including, without limitation, claims that Rent payments demanded from or paid by Lessee are or were erroneous) or otherwise or to limit the right of Lessee to make any claim it may have against Lessor or any other Person or to pursue any such claim in such manner as Lessee shall deem appropriate.

Section 20. Purchase of Locomotives at End of Term. Upon not less than six (6) months' but not more than eighteen (18) months' prior written notice to Lessor, Lessee may, at its option, elect to purchase the Locomotives on the Lease Expiry Date (or, if such date is not a Business Day, on the next succeeding Business Day). If such election has been exercised, on the date for purchase established pursuant to the immediately preceding sentence, (a) Lessee shall purchase the Locomotives from Lessor by paying to Lessor a purchase price in the amount set forth in Schedule F (the "Purchase Price") and (b) without recourse or warranty (except as to Lessor's Liens) and without further act, all of Lessor's right, title and interest in and to the Locomotives shall vest in Lessee in as-is, where-is condition and Lessor shall at Lessee's expense execute and deliver such bills of sale and other documents and instruments as Lessee shall rea-

sonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to the Locomotives in Lessee, free and clear of all right, title and interest of Lessor, any Affiliate thereof and Lessor's Liens, and the Term shall end. In the event that Lessee does not exercise such purchase option and purchase the Locomotives as provided for under this Section 20, (i) Lessee shall, on the Lease Expiry Date, pay to Lessor the amount set forth in Schedule F (the "Expiration Payment") and shall, in lieu of complying with the return conditions set forth in Section 5(b), promptly clean, renovate and refurbish the Locomotives such that they are in a condition at least as good as the condition thereof when first delivered to Lessee hereunder and (ii) Lessor shall, exclusively through Lessee as agent for Lessor, not later than 90 days after the Lease Expiry Date, sell the Locomotives for cash at a public or private sale (upon 20 days' prior written notice of such sale to Lessee and at which sale Lessee shall be invited to participate) as such agent may determine, free and clear of any rights of Lessee. Upon the sale of the Locomotives, Lessor shall pay to Lessee the proceeds of such sale but only to the extent such proceeds do not exceed the Expiration Payment, net of the reasonable costs and expenses incurred by Lessor in connection with such sale. Notwithstanding the foregoing, Lessee may, at any time prior to the sale of Locomotives pursuant to the third sentence of this Section 20, exercise its option to purchase the Locomotives 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 20, to purchase the Locomotives for the Purchase Price on the Lease Expiry Date, in which event the Purchase Price shall be deemed to be paid if Lessee shall have paid the amount set forth in Schedule E as provided in the second preceding sentence. The respective rights and obligations of Lessor and Lessee provided for under this Section 20 shall survive the termination of this Lease. In connection with the payment to Lessor of the Purchase Price or the Expiration Payment, as the case may be, Lessee shall at the same time pay to Lessor all other amounts then owing to Lessor from Lessee hereunder or under any other Operative Document.

Section 21. General Indemnification and Waiver of Certain Claims. (a) Claims Defined. For the purposes of this Section 21, "Claims" shall mean any and all lia-

bilities, obligations, losses, damages, penalties, claims, costs, actions or suits (whether or not on the basis of negligence, strict or absolute liability or liability in tort) which may be imposed on, incurred by, suffered by, or asserted against an Indemnified Person, as defined herein, and, except as otherwise expressly provided in this Section 21, shall include all reasonable costs, disbursements and expenses (including reasonable legal fees and expenses) of an Indemnified Person in connection therewith or related thereto.

(b) Indemnified Person Defined. For the purposes of this Section 21, "Indemnified Person" means Lessor, its servants, agents, successors, or permitted registered assigns, and each Kumiai-in; provided that such Persons, to the extent they are not signatories to this Agreement, shall, as a condition to the indemnity hereunder, be bound by the terms of this Section 21; 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) shall be exercised solely by Lessor, and Lessor shall cause such Kumiai-in to comply with any and all duties and obligations of an Indemnified Person hereunder.

(c) Claims Indemnified. Subject to the exclusions stated in subsection (d) below, Lessee agrees to indemnify, protect, defend and hold harmless each Indemnified Person against Claims resulting from or arising out of (i) Lessor's possession of title to, or leasing of, the Locomotives, (ii) the purchase, acceptance or rejection of the Locomotives hereunder and (iii) the manufacture, design, delivery, non-delivery, lease, sublease, possession, use, non-use, control, registration, maintenance, repair, operation, condition, sale, storage, improvement, replacement, overhaul, testing, modification, alteration, return, transfer or other disposition of the Locomotives, or any Part (including, without limitation, latent or other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement).

(d) Claims Excluded. The following are excluded from Lessee's agreement to indemnify under this Section 21:

(i) Any Claim attributable to acts or events occurring after the Term, or, if any Locomotive is

returned at a later date pursuant to this Lease, acts or events occurring after such return, or, if any Locomotive is stored pursuant to Section 5(c) of the Lease, acts or events occurring during such period of storage;

(ii) Any Claim which is a Tax or a loss of Tax benefits, whether or not Lessee is required to indemnify therefor under Section 9 of the Agreement to Purchase and Lease (Lessee's entire responsibility for Taxes being set forth in such Section 9);

(iii) Any Claim attributable to the gross negligence or willful misconduct of any Indemnified Person, any Kumiai-in and Unrelated Kumiai-in;

(iv) Any Claim attributable to the noncompliance with any of the terms of, or any misrepresentation contained in, this Lease or any other Operative Document to which any Indemnified Person is a party or any agreement relating hereto or thereto, by any Indemnified Person or any Kumiai-in;

(v) Any Claim which constitutes a Permitted Lien;

(vi) Any Claim which relates to a cost, fee or expense payable by a Person other than Lessee pursuant to Section 14 of the Agreement to Purchase and Lease; and

(vii) Any Claim which is an ordinary and usual operating or overhead expense other than such expenses caused directly by the occurrence of an Event of Default.

(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, at Lessee's expense, 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 21, and the Indemnified Person shall cooperate, at Lessee's expense, with all reasonable requests of Lessee in connection therewith. 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; provided, however, that if in the written opinion of counsel to such Indemnified Person an actual or potential material conflict of interest exists where it is advisable for such Indemnified Person to be represented by separate counsel, the reasonable fees and expenses of such separate counsel shall be borne by Lessee. 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 21. Notwithstanding anything to the contrary contained herein, Lessee shall not under any circumstances be liable for the fees and expenses of more than one counsel for all Indemnified Persons. Any payment by Lessee of an indemnity obligation pursuant to this Section 21 or Section 9 of the Agreement to Purchase and Lease to Lessor for the account of any Kumiai-in, shall, for all purposes hereof and of the Agreement to Purchase and Lease, constitute satisfaction of Lessee's obligation to pay such indemnity to such Kumiai-in.

(g) Subrogation. To the extent that a Claim indemnified by Lessee under this Section 21 is in fact paid in full by Lessee and/or an insurer under a policy of insurance maintained by Lessee pursuant to Section 11, Lessee and/or such insurer, 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 or any of its insurers has paid in respect of such Claim) over to Lessee.

Section 22. Monies Received by Lessor. Any monies received by Lessor in excess of the amounts to which Lessor is entitled pursuant to the terms hereof or pursuant to the terms of the Agreement to Purchase and Lease shall promptly be paid over by Lessor to Lessee.

Section 23. Miscellaneous. 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 and otherwise as provided in Section 17 of the Agreement to Purchase and Lease. 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 date hereof.

THIS LEASE HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

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

New York, New York or Tokyo, Japan, at the option of the payee) does not yield the amount of Canadian 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 Canadian Dollars, as the case may be, due and owing to the person receiving such payment, such person shall have a separate cause of action for the amount of any such shortfall and the payor shall pay such additional amounts as may be necessary to compensate for such shortfall.

In any case where the scheduled date for any payment of Rent shall not be a Business Day, then such payment need not be made on such scheduled date but shall be made on the next succeeding Business Day with the same force and effect as if made on such scheduled date.

Section 24. Jurisdiction, Service of Process and Waiver of Immunity. (a) Each of Lessor and Lessee hereby irrevocably submits to the non-exclusive jurisdiction of each of the Supreme Court of the State of New York, New York County, the United States District Court for the Southern District of New York and the Tokyo District Court of Japan, and any other court with jurisdiction to hear appeals from such courts, for the purposes of any suit, action or other proceeding of any type whatsoever arising out of this Lease or the Agreement to Purchase and Lease or any other Operative Document or the subject matter hereof or any of the transactions contemplated hereby or thereby, and to the extent permitted by applicable law, hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding any claim that it is not personally subject to the jurisdiction of the above named courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Lease, the Agreement to Purchase and Lease or the subject matter hereof or thereof may not be enforced in or by such court. Lessor hereby irrevocably designates and appoints ORIX USA Corporation, with offices on the date hereof at 78 Third Avenue, 48th Floor, New York, New York 10017, to receive service of process in any action, suit or proceeding with respect to any matter as to which it submits to jurisdiction as set forth above, it being agreed that service upon ORIX USA Corporation shall constitute valid service upon Lessor or its successors or assigns. Lessor further

agrees and covenants that so long as it retains any right, title or interest in or to any of the Locomotives, it shall maintain a duly appointed agent for the service of summonses and other legal process in the City and County of New York. In the event of the transfer of all or substantially all the assets and business of ORIX USA Corporation to any other corporation, by consolidation, merger, sale of assets or otherwise such other corporation shall be substituted hereunder for ORIX USA Corporation with the same effect as if named herein in place of ORIX USA Corporation. Lessee hereby irrevocably designates and appoints Showa Law Office, Tokyo, Japan to receive for it and on its behalf, service of process in any proceedings with respect to any matter as to which it submits to jurisdiction as set forth above, it being agreed that service upon Showa Law Office shall constitute valid service upon Lessee or its successors and assigns. Nothing in this Section 24(a) shall affect the right to serve process in any manner permitted by law.

(b) To the extent that Lessor, Lessee or any of the property of Lessor and Lessee is or becomes entitled at any time to any immunity on the grounds of sovereignty or otherwise from any legal action, suit or proceeding, from set-off or counterclaim, from the jurisdiction of any competent court, from service of process, from attachment prior to judgment, from attachment in aid of execution, or from execution prior to judgment, or other legal process in any jurisdiction, Lessor for itself and its property and Lessee for itself and its property does hereby irrevocably and unconditionally waive, and agrees not to plead or claim, any such immunity with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Lease, the Agreement to Purchase and Lease, any other Operative Document or the subject matter hereof or thereof.

Section 25. Lessor's Obligation to Deliver Bills of Sale; Lessor's 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 any of the Locomotives in Lessee, upon the fulfillment of the conditions (except for conditions within Lessor's control) to any such transfer and vesting set forth in Section 9, 10, 15 or 20, 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) Special Termination Events. Each of the following events shall constitute a Special Termination Event:

(i) Lessor or ORIX shall consent to the appointment of a receiver, trustee or liquidator of itself or of any substantial part of its property, or shall make a general assignment for the benefit of creditors; or

(ii) Lessor or ORIX 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 ORIX, as the case may be, in any such proceeding, or Lessor or ORIX 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

(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 ORIX, a receiver, trustee or liquidator of Lessor or ORIX, or any substantial part of its property or sequestering any substantial part of the property of Lessor or ORIX, and any such order, judgment or decree or appointment or sequestration shall remain in force, undismissed, unstayed or unvacated, for a period of 90 days after the date of entry thereof; or

(iv) A petition against Lessor or ORIX in a proceeding under applicable bankruptcy laws or other applicable insolvency laws, as now or hereafter in effect, in any tribunal having jurisdiction over the property or assets of Lessor or ORIX, 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 juris-

diction shall assume jurisdiction, custody or control of Lessor or ORIX or of any substantial part of its property 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 subparagraph (i), (ii), (iii) or (iv) above for the relief of financially distressed debtors under the laws of Japan is entered into by Lessor or ORIX voluntarily; or

(vi) Lessor shall fail to perform or observe its covenants set forth in Section 4(b) hereof for a period of 30 days after written notice thereof; or

(vii) Lessor shall fail to perform or observe any other material covenant, condition or agreement to be performed or observed by it hereunder or under any other Operative Document and any such failure shall continue unremedied for a period of 60 days after written notice thereof, provided that a failure resulting from a change in section 881(c) of the Code to comply with the covenant contained in Section 9(e)(i)(y)(3) of the Agreement to Purchase and Lease that Lessor and each Kumiai-in will remain eligible for the exemption in respect of "portfolio interest" provided by section 881(c) of the Code shall not in itself constitute a breach of Section 9(e)(i)(y)(3) or a Special Termination Event if Lessor and the relevant Kumiai-in shall each have used its best efforts to comply with such covenant; or

(viii) Any representation or warranty made by or on behalf of Lessor in this Lease or the Agreement to Purchase and Lease or in any other Operative Document or in any document or certificate furnished by Lessor or ORIX in connection herewith or therewith shall prove to have been false or incorrect in any material respect on the date as of which made, and such falsity or incorrectness shall continue to be material on the 30th day after notice thereof from Lessee to Lessor.

Section 26. Notice of Termination to Lender. Each party hereto agrees to promptly deliver to Lender a copy of any notice such party shall deliver to the other

party hereto in connection with a termination of this Lease pursuant to Section 9, 10, 15 or 20.

Section 27. 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.

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:

ORIX AIRCRAFT CORPORATION

By: Junichi Hayashi
Name: Junichi Hayashi
Title: Attorney-in-Fact

LESSEE:

BN LEASING CORPORATION

By: _____
Name:
Title:

CORPORATE FORM OF ACKNOWLEDGMENT

State of New York)
)
County of New York) ss:

On this 11th day of May, 1990, before me personally appeared, Junichi Hayashi, to me personally known, who being by me duly sworn, says that he is the Attorney-in-Fact of ORIX Aircraft Corporation, that the foregoing instrument was signed and sealed 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.

John F. Geer, Jr.
Notary Public

Oct. 10, 1991
Date Commission Expires

JOHN F. GEER, JR
Notary Public, State of New York
No. 31-4957093
Qualified in New York County
Certificate filed in New York County
Commission Expires October 10, 1991

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:

ORIX AIRCRAFT CORPORATION

By: _____
Name:
Title:

LESSEE:

BN LEASING CORPORATION

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

10253814

CORPORATE FORM OF ACKNOWLEDGMENT

State of Texas)
)
County of Tarrant) ss:

On this 10th day of May, 1990, before me personally appeared, Robert F McKenney, to me personally known, who being by me duly sworn, says that he is the Vice President and Treasurer of BN Leasing Corporation, that the foregoing instrument was signed and sealed 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.

KELLY MURRAY
Notary Public State of Texas
My Commission Expires Aug 23, 1993

Kelly Murray
Notary Public

August 23 1993
Date Commission Expires

APPENDIX A

BN LEASING CORPORATION

ORIX AIRCRAFT CORPORATION

6 GENERAL MOTORS SD-60M LOCOMOTIVES

BN LEASING CORPORATION
ORIX AIRCRAFT CORPORATION
6 GM SD-60M 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.

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

"Agreement to Purchase and Lease" means the Agreement to Purchase and Lease No. 3, dated as of May 8, 1990, between Lessor and Lessee, including all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Basic Rent" for the Locomotives means the rent payable to Lessor for the Locomotives pursuant to Section 3(b) of the Lease in the amounts and payable at the times set forth in Schedule A thereto.

"Bills of Sale" means the bills of sale for the Locomotives in form and substance satisfactory to Lessor, executed by Lessee in favor of Lessor and dated the Closing Date.

"Borrower" means Lessor and its successors and permitted registered assigns.

"Burlington" means Burlington Northern Inc., a Delaware corporation.

"Business Day" means any day excluding Saturday, Sunday and any other day which shall be in Fort Worth, Texas; New York, New York; Tokyo, Japan; London, England; Dublin, Ireland; or Taipei, Taiwan, a legal holiday or a day on which banking institutions are authorized by law or other governmental actions to close.

"Canadian Dollars" or "Canadian $" means lawful money of Canada.

"Canadian Dollar Overdue Rate" means a rate of interest equal to the rate per annum announced from time to time by Canadian Imperial Bank of Commerce, as its "prime rate" or "base rate" (or equivalent) per annum.

"Claim" shall have the meaning set forth in Section 21(a) of the Lease.

"Closing" means the execution and delivery of the Lease Supplement by the parties thereto.

"Closing Date" means the date of the Closing, which date shall be the date on which Lessee sells the Locomotives to Lessor and Lessor leases the Locomotives to Lessee pursuant to the Lease.

"Code" means the United States Internal Revenue Code of 1986, as currently in effect or hereafter amended.

"Collateral" means all right, title and interest of Borrower in and to all payments required to be paid in Canadian Dollars by Lessee under the Lease in respect of Basic Rent, Basic Termination Payments, Casualty Value Termination Payments, and Purchase Price or Expiration.

"Custodian" means La Salle National Bank, and its successors and permitted assigns.

"Custodian Agreement" means the Custodian Agreement No. 3, dated as of May 8, 1990, among the Custodian, Lessor and Lessee.

"Dollar Account" means the account of Lessor account no. 17506-069, with Lender.

"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 such property or the use thereof due to theft, disappearance, destruction, contamination, damage beyond repair or rendition of such property 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, confiscation or seizure of, or requisition of use of, such property by any govern-

mental authority (other than a requisition for use by the Government) for a period in excess of thirty-six months; (iv) requisition of title to such property; or (v) return of such property permanently to the Manufacturer pursuant to any patent indemnity provisions; provided that if such property shall be returned to Lessee in usable condition after the occurrence of an event described in clause (i), (iii) or (iv) above but prior to the date on which a Casualty Value Termination Payment would be payable pursuant to Section 10(a)(ii) of the Lease, then such event shall, at the option of Lessee, not constitute an Event of Loss.

"Expiration Payment" shall mean the amount set forth in Schedule F to the Lease.

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

"ICC" means the Interstate Commerce Commission of the United States of America.

"Indemnified Person" shall have the meaning set forth in Section 21(b) of the Lease.

"Japanese Commercial Code" means the Commercial Code of Japan (Law No. 48 of 1899, as amended).

"Japanese Tax Law" means (i) the Tax Act and all official interpretations thereof, (ii) published regulations, decisions and rulings (tsutatsu) and notifications by the National Tax Administration Agency or other relevant government agencies, (iii) official public announcements, whether written or oral, regarding any of the foregoing by the National Tax Administration Agency or other relevant government agencies, (iv) directions, requests, guidelines and requirements (whether or not having the force of law) of the National Tax Administration Agency or any other relevant government agency with which it is customary for persons situated similarly to Lessor and the Kumiai-in or any of them to comply, (v) all judicial cases and precedents and decisions of national or local offices of the National Tax Tribunal applicable thereto and (vi) all guidelines regarding leasing transactions which are based upon discussions held with the National Tax Administration Agency and of which notice is officially given by the Japan Leasing Association to its members.

"Kumiai-in" means any Person entering into a Tokumei Kumiai Agreement with, and making a cash contribution to, Lessor for the purposes of the Operative Documents and the transactions contemplated thereby and any registered assign of any such Person.

"Lease Agreement," "Lease," "this Lease Agreement," "this Lease" means the Lease Agreement No. 3, dated as of May 8, 1990, between Lessor and Lessee, including all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Lease Expiry Date" means the fourteenth anniversary of the Closing Date.

"Lease Period" means each of (x) the period commencing on and including the Closing 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 Lease Period Date listed on Schedule A to the Lease) 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, substantially in the form of Exhibit A to the Lease, to be entered into between Lessor and Lessee for the purpose of leasing the Locomotives 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 Locomotive.

"Lender" means Bank of America NT & SA, a national banking institution organized under the laws of the United States of America and acting through its branch office in Tokyo, Japan, and its successors and permitted assigns.

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

"Lessor" means ORIX Aircraft Corporation, and its successors and permitted registered assigns.

"Lessor's Cost" for each Locomotive means an amount equal to US$1,405,301.82.

"Lessor Security Assignment" means the Lessor Security Assignment No. 3, dated as of May 8, 1990, between Lender and Lessor.

"Lessor's Liens" means any Lien on or relating to or affecting any Locomotive or any part thereof arising as a result of (i) claims against or affecting Lessor, any Kumiai-in or any Unrelated Kumiai-in, other than claims arising solely from Lessor's participation in the transactions contemplated by the Lease, the Agreement to Purchase and Lease or any other agreement entered into with the consent of Lessee in connection therewith; (ii) acts or omissions of Lessor, any Kumiai-in or any Unrelated Kumiai-in not related to the transactions contemplated by the Lease, the Agreement to Purchase and Lease or any other agreement entered into with the consent of Lessee in connection therewith or not expressly permitted under the terms of the Lease, the Agreement to Purchase and Lease or any such agreement; (iii) Taxes or Claims imposed against Lessor, any Kumiai-in or any Unrelated Kumiai-in which are not indemnified against by Lessee pursuant to the Agreement to Purchase and Lease or the Lease; (iv) claims against Lessor or any Kumiai-in arising out of the voluntary transfer (other than pursuant to Sections 9, 10 or 15 of the Lease) by Lessor (without the consent of Lessee) of its interest in any of the Locomotives or the Lease or by any Kumiai-in (without the consent of Lessee) of any 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 or (v) claims by or against any Kumiai-in arising in connection with or relating to such Kumiai-in's interest in the Tokumei Kumiai Agreement to which it is a party or the transactions contemplated by the Lease, the Agreement to Purchase and Lease or any other Operative Document.

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

"Loan" means the loan made by Lender to Borrower pursuant to the Loan Agreement in an amount equal to US$6,745,448.74 which amount is 80% of Total Lessor's Cost as at the Closing Date converted into Canadian Dollars at the Specified Canadian Dollar Exchange Rate,

or the amount of such loan outstanding under the Loan Agreement from time to time.

"Loan Agreement" means the Loan Agreement, dated as of May 8, 1990 between Borrower and Lender, including all annexes, supplements and exhibits thereto, all as amended and supplemented from time to time pursuant to the Loan Agreement and Section 17 of the Agreement to Purchase and Lease.

"Loan Payment Dates" means Lease Period Dates.

"Locomotives" means collectively the six (6) General Motors SD-60M locomotives described in the Lease Supplement to be delivered and Leased under the Lease, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed thereon.

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

"Manufacturer's Bill of Sale" means the bills of sale for the Locomotives, executed by the Manufacturer in favor of Lessee and dated the Delivery Date.

"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.

"Non-severable Modification" means any alteration, modification, addition or improvement that is not readily removable without causing material damage to the Locomotive with respect to which such Modification is made.

"Officer's Certificate" means (i) in the case of Lessee, a certificate executed by the President, any Vice President, the Secretary, an Assistant Secretary, the Treasurer, an Assistant Treasurer or any other management employee working under the direct supervision of such Treasurer or Assistant Treasurer and (ii) in the case of Lessor, Lender or any Affiliate thereof, a certificate executed by a duly authorized officer or representative of such Person.

"Operative Document" means each of the Agreement to Purchase and Lease, the Lease, the Lease Supplement, the Loan Agreement, the Security Agreement, the Pledge Agreement, the Custodian Agreement, the Lessor Security Assignment and the Bills of Sale.

"ORIX" means ORIX Corporation, a corporation organized under the laws of Japan.

"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 any Locomotive or the title to which remains vested in Lessor in accordance with Section 8 of the Lease.

"Permitted Liens" means any Lien of the type described in clauses (a) through (i) 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 or political subdivision thereof.

"Pledge Agreement" means the Pledge Agreement, dated as of May 8, 1990, between Borrower and Lender.

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

"Related Lease" means each of the leases entered into or expected to be entered into between Lessor and Lessee with respect to the financing of additional GM SD-60M locomotives.

"Rent" means Basic Rent and Supplemental Rent.

"Replacement Locomotive" means a General Motors SD-60M locomotive (or locomotive of the same or another manufacturer of the same or a comparable or an improved model) which shall have been leased pursuant to Section 10(a) of the Lease, together with all Parts relating thereto.

"Required Modification" has the meaning set forth in Section 7(a) of the Lease.

"Secured Obligations" means, collectively, the obligations from time to time of Borrower to Lender under and in respect of the principal of and interest on the Loan heretofore or hereafter made by Lender under the Loan Agreement and all other amounts from time to time due and payable by Borrower to Lender under the Bank Security Agreement or under the Loan Agreement.

"Security Agreement" means the Security Agreement, dated as of May 8, 1990, between Borrower and Lender, providing for the grant by Borrower of a pledge and security interest in the Collateral in favor of Lender.

"Severable Modification" means any alteration, modification, addition or improvement that is readily removable without causing material damage to the Locomotive with respect to which such Modification is made.

"Special Termination Event" shall have the meaning set forth in Section 25(b) of the Lease.

"Special Termination Value" means, with respect to any termination of the Lease pursuant to Section 9, 9(b)(i) (other than any termination pursuant to Section 9(b)(i) described in Section 9(e)(iii) thereof), 9(b)(ii) or the second sentence of 9(d) thereof, the amount computed and payable as provided in Schedule C to the Lease.

"Specifications" means the statement of specifications for new and remanufactured railcars and locomotives of the Manufacturer, which has been delivered by Lessee to Lessor.

"Specified Canadian Dollar Exchange Rate" means the exchange rate of US$1.00 equals Canadian $1.1655.

"Specified Yen Exchange Rate" means the exchange rate of US$1.00 equals 156.55 Yen.

"Stipulated Loss Value" means the amount computed and payable as provided in Schedule B thereto.

"Supplemental Rent" means all amounts, liabilities and obligations (other than Basic Rent and amounts payable under Section 20 of the Lease as the Purchase Price for the Aircraft) which Lessee agrees to pay under the Lease or under the Agreement to Purchase and Lease to Lessor or others, including, without limitation, Stipu-

lated Loss Value, Special Termination Value, Reduced Special Termination Value, Unwind Value or Expiration Payment, as the case may be, and payment of indemnities (including, without limitation, under Section 9 of the Agreement to Purchase and Lease).

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

"Taxes" means all license, filing and registration 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, taxing authority or governmental subdivision thereof or therein or by any international authority.

"Term" means the term for which the Locomotives are leased pursuant to Section 3(a) of the Lease.

"Termination Date" means the date of the early termination of the Lease, as determined in accordance with Section 9, 10 or 15 of the Lease.

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

"Tokumei Kumiai Agreement" means each of the separate Tokumei Kumiai 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), providing for the sharing by each such investor in the income and losses of Lessor.

"Total Lessor's Cost" means, as of any date of determination, the aggregate Lessor's Cost for all of the Locomotives (but not including any Replacement Locomotive) subject to the Lease on such date.

"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 May 15, 1990.

"U.S. Dollars" or "US$" 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.

"Unrelated Kumiai-in" means any Person entering into a Tokumei Kumiai Agreement with, and making a cash contribution to, Lessor for purposes unrelated to the Operative Documents and the transactions contemplated thereby and any assign of any such Person.

"Unwind Value" means the amount computed and payable as provided in Schedule E to the Lease.

"Yen" or "¥" means lawful money of Japan.

"Yen Account" means the account of Lessor, account no. 17506-051, with Lender.

"Yen Overdue Rate" means a rate of interest equal to the rate per annum quoted from time to time by the Tokyo head office of The Industrial Bank of Japan, Limited as their long-term prime lending rate for Yen loans with terms exceeding one year.

EXHIBIT A
TO
LEASE AGREEMENT NO. 3

LEASE SUPPLEMENT NO. , dated _____, between ORIX AIRCRAFT CORPORATION, a corporation formed under the laws of Japan ("Lessor"), and BN LEASING CORPORATION, a Delaware corporation ("Lessee").

W I T N E S S E T H

WHEREAS, Lessor and Lessee have heretofore entered into that certain Lease Agreement, dated as of May 8, 1990 (herein called the "Lease Agreement" and the defined terms therein being hereinafter used with the same meanings), providing for the execution and delivery from time to time of Lease Supplements each substantially in the form hereof for the purpose of leasing specific Locomotives under the Lease Agreement as and when delivered by Lessor to Lessee in accordance with the terms thereof.

[1]WHEREAS, the Lease Agreement relates to the Locomotives described below, and 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.

[2]WHEREAS, the Lease Agreement relates to the locomotives described below, and a counterpart of the Lease Agreement, attached to and made a part of Lease Supplement No. 1 dated _____, 1990, to the Lease Agreement, has been recorded by the Interstate Commerce Commission on _____, 1990, as one document and assigned Recordation No. _____.

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

1. Lessee hereby acknowledges and confirms that it has inspected and approved the Locomotives set forth on Schedule I hereto and such Locomotives comply in all material respects with the Specifications for such Locomotives and are in good working order.

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1. This language for Lease Supplement No. 1.

2. This language for other Lease Supplements.

2. Lessor hereby confirms delivery and lease to Lessee, and Lessee hereby confirms acceptance and lease from Lessor, under the Lease as hereby supplemented, the Locomotives listed on Schedule I hereto.

3. Lessee hereby represents and warrants that no Event of Loss has occurred with respect to the Locomotives set forth on Schedule I hereto as of the date hereof.

4. The Closing Date for the Locomotives described above is the date of this Lease Supplement set forth in the opening paragraph hereof.

5. As of the date hereof, the Total Lessor's Cost of the Locomotives leased hereunder is US$_____ and the amounts comprising such Total Lessor's Cost are set forth on Schedule I hereto.

6. Lessee hereby confirms its agreement, in accordance with the Lease as supplemented by this Lease Supplement, to pay Rent to Lessor for each Locomotive leased hereunder as provided for in the Lease.

7. The execution and delivery of this Lease Supplement is not intended in any way to relieve or decrease the responsibility of any manufacturer for the warranties it has made with respect to any Locomotive.

8. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Lease Supplement may refer to the "Lease Agreement dated as of May 8, 1990 or the "Lease dated as of May 8, 1990" or may identify the Lease in any other respect without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement, unless the context shall otherwise require.

9. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease shall be and remain in full force and effect.

10. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

11. **THIS LEASE SUPPLEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK AND SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.**

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

LESSOR

ORIX AIRCRAFT CORPORATION

By:_____
Name:
Title:

LESSEE

BN LEASING CORPORATION

By:_____
Name:
Title:

SCHEDULE A
TO
LEASE AGREEMENT NO. 3

BASIC RENT PAYMENTS

1. Each payment of Basic Rent shall be payable on the applicable Lease Period Date (x) in the amount of Canadian Dollars set forth in Column A of the table below opposite such Lease Period Date and (y) in the amount of Yen set forth in Column B of the table below opposite such Lease Period Date.

2. If as of any given Lease Period Date the number of Locomotives subject to this Lease Agreement is less than six (6), the amount of Basic Rent which is payable on such date shall be determined by multiplying the amounts specified in Paragraph 1 above by a fraction, the numerator of which is the number of Locomotives that remain subject to this Lease Agreement as of such date and the denominator of which is six (6).

LEASE PERIOD DATES	BASIC RENT PAYMENTS	
	Column A Dollar Portion	Column B Yen Portion
11/15/90	C$ 496,080.87	¥20,181,388
5/15/91	496,080.87	20,181,388
11/15/91	646,329.40	0
5/15/92	646,329.40	0
11/15/92	646,329.40	0
5/15/93	646,329.40	0
11/15/93	646,329.40	0
5/15/94	646,329.40	0
11/15/94	646,329.40	0
5/15/95	646,329.40	0
11/15/95	646,329.40	0
5/15/96	646,329.40	0
11/15/96	646,329.40	0
5/15/97	646,329.40	0
11/15/97	646,329.40	0
5/15/98	646,329.40	0
11/15/98	646,329.40	0
5/15/99	646,329.40	0
11/15/99	646,329.40	0
5/15/00	646,329.40	0
11/15/00	468,519.98	23,883,367
5/15/01	490,201.71	20,971,078
11/15/01	421,120.18	30,250,110
5/15/02	455,660.99	25,610,587
11/15/02	397,421.32	33,433,343
5/15/03	426,541.11	29,521,972
11/15/03	371,229.96	36,951,367
5/15/04	646,329.40	0

STIPULATED LOSS VALUE

Stipulated Loss Value due and payable to Lessor under Section 9(a), 9(b)(iii) (relating to Taxes imposed by any jurisdiction other than Japan or any political subdivision thereof), 9(c) (where the illegality arises under the laws of a jurisdiction other than Japan), 10(a)(ii) or 15, as the case may be, (x) shall be the aggregate of (i) the amount of Canadian Dollars computed with reference to the Termination Date (it being understood that if a Termination Date established pursuant to any such Section is not a Business Day, payment will be actually made on the next succeeding Business Day, but the "Termination Date" for purposes of computing the amounts payable under this Schedule shall be the scheduled Termination Date) in accordance with the provisions of Paragraph A below, and (ii) the amount of Yen computed with reference to the same Termination Date in accordance with the provisions of Paragraph B below, and (y) shall be paid in a lump sum on the date set for payment thereof pursuant to Section 9(a), 9(b)(iii) (relating to Taxes imposed by any jurisdiction other than Japan or any political subdivision thereof), 9(c) (where the illegality arises under the laws of a jurisdiction other than Japan), 10(a)(ii) or 15, as the case may be.

A. Computation of Canadian Dollar Amounts. The portion of Stipulated Loss Value payable in Canadian Dollars with respect to any Termination Date which coincides with a date set forth in the table below shall be equal to the sum of the amounts set forth opposite such date in Column A of the table below and in Column A of Schedule A.

The portion of Stipulated Loss Value payable in Canadian Dollars with respect to any Termination Date which does not coincide with a date set forth in the table below shall be equal to the amount set forth in Column A of the table below opposite the date immediately preceding such Termination Date together with interest on such amount calculated from such immediately preceding date up to and excluding such Termination Date at a rate of 12.6% per annum calculated on the basis of a 365-day year for the number of days elapsed.

B. Computation of Yen Amounts. The portion of Stipulated Loss Value payable in Yen with respect to any Termination Date which coincides with a date set forth in the table below shall be equal to the sum of the amounts

set forth opposite such date in Column B of the table below and in Column B of Schedule A.

The portion of Stipulated Loss Value payable in Yen with respect to any Termination Date which does not coincide with a date set forth in the table below shall be equal to the sum of (i) the lesser of the amount (the "Preceding Amount") set forth in Column B of the table below opposite the date immediately preceding such Termination Date and the amount (the "Succeeding Amount") set forth in Column B opposite the date immediately succeeding such Termination Date and (ii) the amount obtained by multiplying the difference between the Preceding Amount and the Succeeding Amount by a fraction, the numerator of which is (x) the number of days from such immediately preceding date up to and excluding such Termination Date (if the Preceding Amount is less than the Succeeding Amount) or (y) the number of days from such Termination Date up to and excluding such immediately succeeding date (if the Succeeding Amount is less than the Preceding Amount), and the denominator of which is the number of days from such immediately preceding date up to and excluding such immediately succeeding date.

C. If on a given Termination Date Stipulated Loss Value is payable with respect to less than six (6) Locomotives, the amount of Stipulated Loss Value that is payable on such Termination Date shall be determined by multiplying the amount determined in accordance with Paragraphs A and B above by a fraction, the numerator of which is the number of Locomotives with respect to which this Lease Agreement shall terminate on such Termination Date and the denominator of which is six (6).

Dates	Column A Canadian Dollar Amount	Column B Yen Amount
5/15/90	C$7,861,820.51	¥295,680,000
11/15/90	7,861,820.51	287,156,509
5/15/91	7,861,820.51	271,166,795
11/15/91	7,711,571.98	279,422,392
5/15/92	7,551,842.78	281,647,278
11/15/92	7,382,034.63	284,327,670
5/15/93	7,201,511.61	285,081,113
11/15/93	7,009,597.59	284,760,894
5/15/94	6,805,573.82	283,940,448
11/15/94	6,588,676.11	282,544,970
5/15/95	6,358,092.16	280,980,586
11/15/95	6,112,958.34	279,035,024
5/15/96	5,852,356.58	277,113,566
11/15/96	5,575,310.84	274,987,838
5/15/97	5,280,783.56	273,065,654
11/15/97	4,967,671.62	271,105,138
5/15/98	4,634,802.33	269,519,580
11/15/98	4,280,928.92	268,055,845
5/15/99	3,904,726.16	267,135,383
11/15/99	3,504,784.94	266,495,698
5/15/00	3,079,607.47	266,568,958
11/15/00	2,805,410.75	243,218,488
5/15/01	2,492,230.41	222,961,649
11/15/01	2,228,369.93	193,469,958
5/15/02	1,913,319.07	168,654,064
11/15/02	1,636,628.19	136,100,461
5/15/03	1,313,358.29	107,449,162
11/15/03	1,025,001.26	71,506,248
5/15/04	443,349.48	72,449,282

SCHEDULE C
TO
LEASE AGREEMENT NO. 3

SPECIAL TERMINATION VALUE

Special Termination Value due and payable to Lessor under Section 9(b)(i) (other than any termination pursuant to Section 9(b)(i) described in Section 9(e)(iii)), 9(b)(ii) or the second sentence of 9(d), as the case may be, (x) shall be the aggregate of (i) the amount of Canadian Dollars computed with reference to the Termination Date (it being understood that if a Termination Date established pursuant to any such Section is not a Business Day, payment will be actually made on the next succeeding Business Day, but the "Termination Date" for purposes of computing the amounts payable under this Schedule shall be the scheduled Termination Date) in accordance with the provisions of Paragraph A below, and (ii) the amount of Yen computed with reference to the same Termination Date in accordance with the provisions of Paragraph B below, and (y) shall be paid in a lump sum on the date set for payment thereof pursuant to Section 9(b)(i), 9(b)(ii) or the second sentence of 9(d), as the case may be.

A. Computation of Canadian Dollar Amounts. The portion of Special Termination Value payable in Canadian Dollars with respect to any Termination Date which coincides with a date set forth in the table below shall be equal to the sum of the amounts set forth opposite such date in Column A of the table below and in Column A of Schedule A.

The portion of Special Termination Value payable in Canadian Dollars with respect to any Termination Date which does not coincide with a date set forth in the table below shall be equal to the amount set forth in Column A of the table below opposite the date immediately preceding such Termination Date together with interest on such amount calculated from such immediately preceding date up to and excluding such Termination Date at a rate of 12.6% per annum calculated on the basis of a 365-day year for the number of days elapsed.

B. Computation of Yen Amounts. The portion of Special Termination Value payable in Yen with respect to any Termination Date which coincides with a date set forth in the table below shall be equal to the sum of the amounts set forth opposite such date in Column B of the table below and in Column B of Schedule A.

The portion of Special Termination Value payable in Yen with respect to any Termination Date which does not coincide with a date set forth in the table below shall be equal to the sum of (i) the lesser of the amount (the "Preceding Amount") set forth in Column B of the table below opposite the date immediately preceding such Termination Date and the amount (the "Succeeding Amount") set forth in Column B opposite the date immediately succeeding such Termination Date and (ii) the amount obtained by multiplying the difference between the Preceding Amount and the Succeeding Amount by a fraction, the numerator of which is (x) the number of days from such immediately preceding date up to and excluding such Termination Date (if the Preceding Amount is less than the Succeeding Amount) or (y) the number of days from such Termination Date up to and excluding such immediately succeeding date (if the Succeeding Amount is less than the Preceding Amount), and the denominator of which is the number of days from such immediately preceding date up to and excluding such immediately succeeding date.

C. If on a given Termination Date Special Termination Value is payable with respect to less than six (6) Locomotives, the amount of Special Termination Value that is payable on such Termination Date shall be determined by multiplying the amount determined in accordance with Paragraphs A and B above by a fraction, the numerator of which is the number of Locomotives with respect to which this Lease Agreement shall terminate on such Termination Date and the denominator of which is six (6).

Dates	Column A Canadian Dollar Amount	Column B Yen Amount
5/15/90	C$7,861,820.51	¥264,000,000
11/15/90	7,861,820.51	252,398,599
5/15/91	7,861,820.51	240,420,180
11/15/91	7,711,571.98	248,233,828
5/15/92	7,551,842.78	256,301,417
11/15/92	7,382,034.63	264,631,224
5/15/93	7,201,511.61	273,231,710
11/15/93	7,009,597.59	282,111,760
5/15/94	6,805,573.82	283,940,448
11/15/94	6,588,676.11	282,544,970
5/15/95	6,358,092.16	280,980,586
11/15/95	6,112,958.34	279,035,024
5/15/96	5,852,356.58	277,113,566
11/15/96	5,575,310.84	274,987,838
5/15/97	5,280,783.56	273,065,654
11/15/97	4,967,671.62	271,105,138
5/15/98	4,634,802.33	269,519,580
11/15/98	4,280,928.92	268,055,845
5/15/99	3,904,726.16	267,135,383
11/15/99	3,504,784.94	266,495,698
5/15/00	3,079,607.47	266,568,958
11/15/00	2,805,410.75	243,218,488
5/15/01	2,492,230.41	222,961,649
11/15/01	2,228,369.93	193,469,958
5/15/02	1,913,319.07	168,654,064
11/15/02	1,636,628.19	136,100,461
5/15/03	1,313,358.29	107,449,162
11/15/03	1,025,001.26	71,506,248
5/15/04	443,349.48	72,449,282

REDUCED SPECIAL TERMINATION VALUE

Reduced Special Termination Value due and payable to Lessor under Section 9(b)(i) (relating to the unavailability for any reason whatsoever of the exemption in respect of "portfolio interest" provided by section 881(c) of the Code) or the fourth sentence of 9(d), as the case may be, (x) shall be the aggregate of (i) the amount of Canadian Dollars computed with reference to the Termination Date (it being understood that if a Termination Date established pursuant to any such Section is not a Business Day, payment will be actually made on the next succeeding Business Day, but the "Termination Date" for purposes of computing the amounts payable under this Schedule shall be the scheduled Termination Date) in accordance with the provisions of Paragraph A below, and (ii) the amount of Yen computed with reference to the same Termination Date in accordance with the provisions of Paragraph B below, and (y) shall be paid in a lump sum on the date set for payment thereof pursuant to Section 9(b)(i) (relating to the unavailability for any reason whatsoever of the exemption in respect of "portfolio interest" provided by section 881(c) of the Code) or the fourth sentence of 9(d), as the case may be.

A. Computation of Canadian Dollar Amounts. The portion of Reduced Special Termination Value payable in Canadian Dollars with respect to any Termination Date which coincides with a date set forth in the table below shall be equal to the sum of the amounts set forth opposite such date in Column A of the table below and in Column A of Schedule A.

The portion of Reduced Special Termination Value payable in Canadian Dollars with respect to any Termination Date which does not coincide with a date set forth in the table below shall be equal to the amount set forth in Column A of the table below opposite the date immediately preceding such Termination Date together with interest on such amount calculated from such immediately preceding date up to and excluding such Termination Date at a rate of 12.6% per annum calculated on the basis of a 365-day year for the number of days elapsed.

B. Computation of Yen Amounts. The portion of Reduced Special Termination Value payable in Yen with respect to any Termination Date which coincides with a date set forth in the table below shall be equal to the

sum of the amounts set forth opposite such date in Column B of the table below and in Column B of Schedule A.

The portion of Reduced Special Termination Value payable in Yen with respect to any Termination Date which does not coincide with a date set forth in the table below shall be equal to the sum of (i) the lesser of the amount (the "Preceding Amount") set forth in Column B of the table below opposite the date immediately preceding such Termination Date and the amount (the "Succeeding Amount") set forth in Column B opposite the date immediately succeeding such Termination Date and (ii) the amount obtained by multiplying the difference between the Preceding Amount and the Succeeding Amount by a fraction, the numerator of which is (x) the number of days from such immediately preceding date up to and excluding such Termination Date (if the Preceding Amount is less than the Succeeding Amount) or (y) the number of days from such Termination Date up to and excluding such immediately succeeding date (if the Succeeding Amount is less than the Preceding Amount), and the denominator of which is the number of days from such immediately preceding date up to and excluding such immediately succeeding date.

C. If on a given Termination Date Reduced Special Termination Value is payable with respect to less than six (6) Locomotives, the amount of Reduced Special Termination Value that is payable on such Termination Date shall be determined by multiplying the amount determined in accordance with Paragraphs A and B above by a fraction, the numerator of which is the number of Locomotives with respect to which this Lease Agreement shall terminate on such Termination Date and the denominator of which is six (6).

Dates	Column A Canadian Dollar Amount	Column B Yen Amount
5/15/90	C$7,861,820.51	¥264,000,000
11/15/90	7,861,820.51	252,398,599
5/15/91	7,861,820.51	240,420,180
11/15/91	7,711,571.98	248,233,828
5/15/92	7,551,842.78	256,301,417
11/15/92	7,382,034.63	264,631,224
5/15/93	7,201,511.61	262,226,290
11/15/93	7,009,597.59	265,093,000
5/15/94	6,805,573.82	260,327,668
11/15/94	6,588,676.11	262,329,368
5/15/95	6,358,092.16	256,710,234
11/15/95	6,112,958.34	258,256,429
5/15/96	5,852,356.58	252,167,296
11/15/96	5,575,310.84	253,630,568
5/15/97	5,280,783.56	247,424,668
11/15/97	4,967,671.62	249,153,076
5/15/98	4,634,802.33	243,164,486
11/15/98	4,280,928.92	245,492,425
5/15/99	3,904,726.16	240,046,290
11/15/99	3,504,784.94	243,303,918
5/15/00	3,079,607.47	238,725,485
11/15/00	2,805,410.75	219,364,147
5/15/01	2,492,230.41	200,962,423
11/15/01	2,228,369.93	177,243,594
5/15/02	1,913,319.07	157,393,421
11/15/02	1,636,628.19	129,075,368
5/15/03	1,313,358.29	103,748,344
11/15/03	1,025,001.26	70,168,798
5/15/04	443,349.48	72,449,282

SCHEDULE E
TO
LEASE AGREEMENT NO. 3

UNWIND VALUE

Unwind Value due and payable to Lessor under Section 9(b)(iii) (relating to Taxes imposed by Japan or any political subdivision thereof), 9(c) (where the illegality arises under the laws of Japan), the first sentence of 9(d), the third sentence of 9(d) or the last sentence of 9(d), as the case may be, (x) shall be the aggregate of (i) the amount of Canadian Dollars computed with reference to the Termination Date (it being understood that if a Termination Date established pursuant to any such Section is not a Business Day, payment will be actually made on the next succeeding Business Day, but the "Termination Date" for purposes of computing the amounts payable under this Schedule shall be the scheduled Termination Date) in accordance with the provisions of Paragraph A below, and (ii) the amount of Yen computed with reference to the same Termination Date in accordance with the provisions of Paragraph B below, and (y) shall be paid in a lump sum on the date set for payment thereof pursuant to Section 9(b)(iii) (relating to Taxes imposed by Japan or any political subdivision thereof), 9(c) (where the illegality arises under the laws of Japan), the first sentence of 9(d), the third sentence of 9(d) or the last sentence of 9(d), as the case may be.

A. Computation of Canadian Dollar Amounts. The portion of Unwind Value payable in Canadian Dollars with respect to any Termination Date which coincides with a date set forth in the table below shall be equal to the sum of the amounts set forth opposite such date in Column A of the table below and in Column A of Schedule A.

The portion of Unwind Value payable in Canadian Dollars with respect to any Termination Date which does not coincide with a date set forth in the table below shall be equal to the amount set forth in Column A of the table below opposite the date immediately preceding such Termination Date together with interest on such amount calculated from such immediately preceding date up to and excluding such Termination Date at a rate of 12.6% per annum calculated on the basis of a 365-day year for the number of days elapsed.

B. Computation of Yen Amounts. The portion of Unwind Value payable in Yen with respect to any Termination Date which coincides with a date set forth in the table below shall be equal to the sum of the amounts set

forth opposite such date in Column B of the table below and in Column B of Schedule A.

The portion of Unwind Value payable in Yen with respect to any Termination Date which does not coincide with a date set forth in the table below shall be equal to the sum of (i) the lesser of the amount (the "Preceding Amount") set forth in Column B of the table below opposite the date immediately preceding such Termination Date and the amount (the "Succeeding Amount") set forth in Column B opposite the date immediately succeeding such Termination Date and (ii) the amount obtained by multiplying the difference between the Preceding Amount and the Succeeding Amount by a fraction, the numerator of which is (x) the number of days from such immediately preceding date up to and excluding such Termination Date (if the Preceding Amount is less than the Succeeding Amount) or (y) the number of days from such Termination Date up to and excluding such immediately succeeding date (if the Succeeding Amount is less than the Preceding Amount), and the denominator of which is the number of days from such immediately preceding date up to and excluding such immediately succeeding date.

C. If on a given Termination Date Unwind Value is payable with respect to less than six (6) Locomotives, the amount of Unwind Value that is payable on such Termination Date shall be determined by multiplying the amount determined in accordance with Paragraphs A and B above by a fraction, the numerator of which is the number of Locomotives with respect to which this Lease Agreement shall terminate on such Termination Date and the denominator of which is six (6).

Dates	Column A Canadian Dollar Amount	Column B Yen Amount
5/15/90	C$7,861,820.51	¥160,488,187
11/15/90	7,861,820.51	145,522,648
5/15/91	7,861,820.51	130,070,767
11/15/91	7,711,571.98	134,298,054
5/15/92	7,551,842.78	138,662,740
11/15/92	7,382,034.63	143,169,286
5/15/93	7,201,511.61	147,822,259
11/15/93	7,009,597.59	152,626,505
5/15/94	6,805,573.82	157,586,867
11/15/94	6,588,676.11	162,708,440
5/15/95	6,358,092.16	167,996,466
11/15/95	6,112,958.34	173,456,342
5/15/96	5,852,356.58	179,093,680
11/15/96	5,575,310.84	184,914,246
5/15/97	5,280,783.56	190,923,929
11/15/97	4,967,671.62	197,128,958
5/15/98	4,634,802.33	203,535,671
11/15/98	4,280,928.92	210,150,574
5/15/99	3,904,726.16	216,980,452
11/15/99	3,504,784.94	224,032,340
5/15/00	3,079,607.47	231,313,368
11/15/00	2,805,410.75	214,947,691
5/15/01	2,492,230.41	200,962,423
11/15/01	2,228,369.93	177,243,594
5/15/02	1,913,319.07	157,393,421
11/15/02	1,636,628.19	129,075,368
5/15/03	1,313,358.29	103,748,344
11/15/03	1,025,001.26	70,168,798
5/15/04	443,349.48	72,449,282

SCHEDULE F
TO
LEASE AGREEMENT NO. 3

PURCHASE PRICE OR EXPIRATION PAYMENT

The Purchase Price or the Expiration Payment payable pursuant to Section 20 of the Lease shall be (a) the amount of Canadian Dollars computed by multiplying Canadian $443,349.48 by a fraction, the numerator of which is the number of Locomotives that are subject to this Lease Agreement on the Lease Expiry Date and the denominator of which is six (6), plus (b) the amount of Yen computed by multiplying ¥72,449,282 by a fraction, the numerator of which is the number of Locomotives that are subject to this Lease Agreement on the Lease Expiry Date and the denominator of which is six (6).