60.00

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16946 A
RECORDATION NO ——— FILED 1425
AUG 1 1990 -2 30 PM
INTERSTATE COMMERCE COMMISSION

16946 B
RECORDATION NO ——— FILED 1425
AUG 1 1990 -2 30 PM
INTERSTATE COMMERCE COMMISSION

16946 C
RECORDATION NO ——— FILED 1425
AUG 1 1990 -2 30 PM
INTERSTATE COMMERCE COMMISSION

0-213A017

July 31, 1990

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC

Re: Lease of Locomotives from NBB Harrisburg Lease Co., Ltd. to Consolidated Rail Corporation

Dear Ms. McGee:

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

The enclosed primary document is:

Lease Agreement, dated as of July 31, 1990, between NBB Harrisburg Lease Co., Ltd., as lessor, and Consolidated Rail Corporation, as lessee.

The enclosed secondary documents are:

(1) Lease Supplement No. 1, dated as of July 31, 1990, between NBB Harrisburg Lease Co., Ltd., as lessor, and Consolidated Rail Corporation, as lessee. The primary document to which this Lease Supplement is connected is being submitted for recording concurrently herewith.

(2) Assignment Agreement, dated as of July 31, 1990, between Consolidated Rail Corporation, as assignor, and NBB

Harrisburg Lease Co., Ltd., as assignee. The primary document to which this Assignment Agreement is connected is being submitted for recording concurrently herewith.

(3) Mortgage, Assignment and Security Agreement, dated as of July 31, 1990, between NBB Harrisburg Lease Co., Ltd., as mortgagor, and Barclays Bank PLC, Tokyo Branch, as mortgagee. The primary document to which this Mortgage is connected is being submitted for recording concurrently herewith.

(4) Bank Security Agreement, dated as of July 31, 1990, between NBB Harrisburg Lease Co., Ltd., as debtor, and Barclays Bank PLC, Tokyo Branch, as secured party. The primary document to which this Bank Security Agreement is connected is being submitted for recording concurrently herewith.

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

Lease Agreement

Lessor:
NBB Harrisburg Lease Co., Ltd.
1-12-11 Nihonbashi, Chuo-ku
Tokyo 103, Japan

Lessee:
Consolidated Rail Corporation
6 Penn Center Plaza, Room 1310
Philadelphia, PA 19103

Bank Security Agreement

Debtor:
NBB Harrisburg Lease Co., Ltd.
1-12-11 Nihonbashi, Chuo-ku
Tokyo 103, Japan

Secured Party:
Barclays Bank PLC,
Tokyo Branch
CPO Box 466
Tokyo 100-91, Japan

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

Twenty-five (25) General Electric Dash 8-40CW diesel electric locomotives each marked on the sides in letters not less than one inch in height with the words "Ownership Subject to Documents Filed with the Interstate Commerce Commission" and bearing a nameplate with the legible inscription "TITLE TO THIS LOCOMOTIVE IS HELD BY NBB HARRISBURG LEASE CO., LTD., THE LESSOR, WHICH HAS LEASED THIS LOCOMOTIVE TO CONSOLIDATED RAIL CORPORATION AND SUCH TITLE IS SUBJECT TO A MORTGAGE IN FAVOR OF BARCLAYS BANK PLC, AS AGENT" and bearing the road numbers 6075 through 6099 inclusive.

Included in the property covered by the Mortgage, Assignment and Security Agreement are twenty-five (25) General Electric Dash 8-40CW diesel electric locomotives and all additions, alterations and modifications thereto or replacements thereof and certain rights of NBB Harrisburg Lease Co., Ltd. in the Lease Agreement dated as of July 31, 1990 between NBB Harrisburg Lease Co., Ltd., as lessor, and

Consolidated Rail Corporation, as lessee, and the Assignment Agreement, dated as of July 31, 1990, between Consolidated Rail Corporation, as assignor, and NBB Harrisburg Lease Co., Ltd., as assignee.

Included in the collateral covered by the Bank Security Agreement are certain payments to be made in U.S. Dollars by Consolidated Rail Corporation, as lessee, to NBB Harrisburg Lease Co., Ltd., as lessor, in respect of twenty-five (25) General Electric Dash 8-40CW diesel electric locomotives.

A fee of Sixty Dollars ($60.00) is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to:

Rebecca A. Craft, Esquire
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, PA 19103

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

1) Lease Agreement:
Lease Agreement between NBB Harrisburg Lease Co., Ltd., as lessor, 1-12-11 Nihonbashi, Chuo-ku, Tokyo 103, Japan and Consolidated Rail Corporation, as lessee, 6 Penn Center Plaza, Philadelphia, Pennsylvania, 19103, dated as of July 31, 1990, covering twenty-five (25) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6075 through 6099 inclusive.

2) Lease Supplement No. 1:
Lease Supplement No. 1 between NBB Harrisburg Lease Co., Ltd., as lessor, and having its principal office at 1-12-11 Nihonbashi, Chuo-ku, Tokyo 103, Japan and Consolidated Rail Corporation, as lessee, 6 Penn Center Plaza,

Philadelphia, Pennsylvania, 19103, dated as of July 31, 1990 covering twenty-five (25) General Electric 8-40CW diesel electric locomotives bearing road numbers 6075 through 6099 inclusive.

3) Assignment Agreement:
Assignment between Consolidated Rail Corporation, as assignor, 6 Penn Center Plaza, Philadelphia, Pennsylvania, 19103 and NBB Harrisburg Lease Co., Ltd., assignee, 1-12-11 Nihonbashi, Chuo-ku, Tokyo 103, Japan, dated as of July 31, 1990 relating to the purchase of twenty-five (25) General Electric 8-40CW diesel electric locomotives bearing road numbers 6075 through 6099 inclusive.

4) Mortgage, Assignment and Security Agreement:
Mortgage, Assignment and Security Agreement dated as of July 31, 1990 between NBB Harrisburg Lease Co., Ltd., as mortgagor, 1-12-11 Nihonbashi, Chuo-ku Tokyo 103, Japan and Barclays Bank PLC, Tokyo Branch CPO Box 466, Tokyo 100-91, Japan, securing mortgagor's obligations relating to twenty-five (25) General Electric Dash 8-40CW diesel electric locomotives.

Interstate Commerce Commission

Washington, D.C. 20423

8/1/90

OFFICE OF THE SECRETARY

Rebecca A. Craft
Morgan ,Lewis & Bockius
200 One Logan Square
Philadelphia & PA. 19103

Dear Sir:

The enclosed dcoument(s) was recorded pursuant to the provisions of Section 11303 of the Insterstate Commerce Act, 49 U.S.C. 11303, on 8/1/90 at 2:30pm , and assigned recordation number(s). 16946,16946-A,16946-B,16946-C & 16946-D

Sincerely yours,

Sidney L. Strickland, Jr.

Sidney L. Strickland, Jr.
Secretary

16946
RECORDATION NO _____ FILED 1425
AUG 1 1990 -2 30 PM
INTERSTATE COMMERCE COMMISSION

[EXECUTION COPY]

LEASE AGREEMENT

Between

NBB HARRISBURG LEASE CO., LTD.,
as Lessor

and

CONSOLIDATED RAIL CORPORATION,
as Lessee

Twenty-five General Electric Dash 8-40CW
Diesel Electric Locomotives

Dated as of July 31, 1990

CERTAIN RIGHTS, TITLE AND INTEREST IN AND TO THIS LEASE AGREEMENT AND TO THE ITEMS OF EQUIPMENT COVERED HEREBY ON THE PART OF NBB HARRISBURG LEASE CO., LTD. HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF BARCLAYS BANK PLC, AS AGENT, UNDER A MORTGAGE AND SECURITY AGREEMENT AND A BANK SECURITY AGREEMENT, EACH DATED AS OF JULY 31, 1990. TO THE EXTENT, IF ANY, THAT THIS LEASE AGREEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE AGREEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY BARCLAYS BANK PLC, AS AGENT, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on _____, 1990, at __:__ _.m., recordation number _____, and deposited in the Office of the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada on _____, 1990, at __:__ _.m.

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LEASE AGREEMENT

This LEASE AGREEMENT, dated as of July 31, 1990, between NBB HARRISBURG LEASE CO., LTD., a corporation formed under the laws of Japan, with its place of business at 1-12-11 Nihonbashi, Chuo-Ku, Tokyo 103, Japan (together with its successors and permitted assigns, "Lessor") and CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation with its principal place of business at Six Penn Center Plaza, Philadelphia, Pennsylvania 19103 (together with its successors and permitted assigns, "Lessee").

W I T N E S S E T H:

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

Section 2. Acceptance and Leasing of Items of Equipment. Lessor hereby agrees to lease to Lessee hereunder, and Lessee hereby agrees to lease from Lessor hereunder, the Items of Equipment for the Term, as evidenced by the execution and delivery on the Delivery Date in Philadelphia, Pennsylvania by Lessor and Lessee of a Lease Supplement leasing the Items of Equipment hereunder. The execution and delivery by Lessee of such Lease Supplement shall, without further act, irrevocably constitute acceptance by Lessee of the Items of Equipment for all purposes of this Agreement.

Section 3. Term and Rent.

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

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

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

(d) Place and Manner of Payment. Except as otherwise required by this Lease or the Participation Agreement, all Basic Rent and Supplemental Rent payable to Lessor shall be paid by Lessee to Lessor in the currency designated for the payment of such amounts pursuant to the appropriate schedules attached hereto or, in the case of indemnity payments as designated under the Participation Agreement or under Section 20 hereof, at the office of Lessor at 1-12-11 Nihonbashi, Chuo-Ku, Tokyo 103, Japan, or at such other address outside the United States as Lessor may specify in writing to Lessee. All payments of Basic Rent and Supplemental Rent shall be paid in immediately available funds.

Section 4. Lessor's Disclaimers; Certain Agreements.

(a) LESSOR NEITHER MAKES NOR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, VALUE, CONDITION, WORKMANSHIP, DESIGN, PATENT INFRINGEMENT, OPERATION, MERCHANTABILITY OR FITNESS FOR USE OF ANY ITEM OF EQUIPMENT OR ANY PART THEREOF OR AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY ITEM OF EQUIPMENT OR ANY PART THEREOF, except that Lessor warrants that on the Delivery Date each Item of Equipment shall be free of Lessor's Liens. Lessor shall not have any responsibility or liability to Lessee or any other Person regardless of any negligence of Lessor with respect to (w) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein, or by any other circumstance in connection therewith, (x) the use, operation or performance of any Item of Equipment or any risks relating thereto, (y) any interruption of service, loss of business or anticipated profits or consequential damages (unless caused by a breach by Lessor of Section 4(b)) or (z) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment.

(b) Except as expressly permitted by Section 15, neither Lessor nor anyone claiming through or under Lessor, other than Agent or any Lender (it being understood that pursuant to Section 10(b)(i) of the Participation Agreement the Agent and the Lenders have separately granted Lessee the right of quiet enjoyment), shall take or cause to be taken any action contrary to Lessee's right to quiet enjoyment of, or otherwise interrupt or interfere with, Lessee's continuing possession, use and operation of any Item of Equipment during the Term. Lessor shall promptly, at its own expense, take such action as is necessary duly to discharge any Lessor's Lien with respect to each Item of Equipment, title thereto or any interest therein or in this Lease if the same shall arise at any time. If Lessor fails to take such action as is necessary duly to discharge any such Lessor's Lien that does or will materially interrupt or interfere with Lessee's

operation of any Item of Equipment, Lessee may give Lessor notice of Lessee's intent to discharge such Lessor's Lien in accordance with the following sentence, which notice shall specify the action Lessee intends to take in connection therewith. In the event that Lessor fails to discharge such Lessor's Lien within 10 days after receiving such notice, Lessee shall have the right, but not the obligation, to take such action as is necessary to discharge such Lessor's Lien and the costs and expenses reasonably incurred by Lessee in connection with the discharge of such Lessor's Lien, together with interest thereon at the rate of interest specified in Section 13 of the Participation Agreement as being applicable to payments made in the currency in which such costs and expenses are paid, from the date of expenditure to but not including the date of payment, calculated on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed, shall be payable by Lessor to Lessee on demand.

Section 5. Return of Items of Equipment and Records.

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

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

(c) Condition of Items of Equipment. Each Item of Equipment when returned to Lessor (i) shall be free and clear of all Liens (other than Lessor's Liens, the rights of Agent as provided in the Loan Agreement and the Mortgage, and the rights of third parties under pooling, interchange, overhaul, repair or other similar arrangements permitted by the terms of this Lease) and (ii) shall be in the condition required by Section 7. As promptly as practicable after Lessee has notified Lessor that all of the Items of Equipment have been assembled and delivered in accordance with Section 5(a), Lessee and Lessor shall jointly inspect the Items of Equipment in accordance with normal railroad industry practice to determine whether the Items of Equipment are in

the condition required by Section 7. Upon completion of the joint inspection with respect to any Item of Equipment meeting the requirements of Section 7, Lessee shall promptly store (or continue to store) such Item of Equipment in accordance with Section 5(d) and shall not be required to remove such Item of Equipment from storage until Lessee receives Lessor's delivery instructions in accordance with Section 5(d).

(d) Storage. Upon any expiration or termination of this Lease, (i) Lessee shall permit Lessor to store all Items of Equipment on Lessee's tracks beyond the Term until Lessee delivers written notice to Lessor that all Items of Equipment have been assembled and delivered in accordance with Section 5(a) and thereafter for a period of not more than 90 days (the "Initial Storage Period") and (ii) upon not less than 20 days' prior written notice from Lessor to Lessee, Lessee shall transport the Items of Equipment, at any time during the Initial Storage Period following delivery of the notice given pursuant to clause (i) hereof, to up to five locations on the lines of railroad operated by Lessee, or to any connecting carrier for shipment, all as directed by Lessor in any written notice given pursuant to this clause (ii); provided, however, that Lessee shall not be obligated to move any Item of Equipment after its initial storage more than once at the request of Lessor. The movement and storage of the Items of Equipment during the Initial Storage Period will be at the sole cost, risk and expense of Lessee. Upon expiration of the Initial Storage Period, at the request of Lessor, Lessee shall store the Items of Equipment for a period of not more than 180 days thereafter at the sole risk and reasonable cost and expense of Lessor.

Section 6. Liens. Lessee shall not, directly or indirectly, create, incur, assume, permit, or suffer to exist any Lien on or with respect to any Item of Equipment, title thereto or any interest therein or in this Lease except (a) the respective rights of Lessor and Lessee as herein provided and the rights of Agent as provided in the Loan Agreement, the Mortgage and the Bank Security Agreement, (b) the rights of others under agreements or arrangements to the extent expressly permitted by the terms of Section 7(e), (c) Lessor's Liens, (d) Liens that the Agent or any Lender is required to discharge pursuant to Section 10(b)(i) of the Participation Agreement, (e) Liens for Taxes either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of such Item of Equipment or interest therein and for the payment of which Taxes adequate reserves have been provided, (f) materialmen's, mechanics', workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of business for amounts the payment of which is either not yet delinquent or is being contested in good faith by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of such Item of Equipment or interest therein and for the payment of which Liens adequate reserves have been provided, (g) Liens (other than Liens for Taxes) arising out of judgments or awards against Lessee with respect to which at the time an appeal or proceeding for review is being prosecuted in good faith by appropriate proceedings and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review, and (h) salvage or similar rights of

insurers under insurance policies maintained pursuant to Section 11 hereof. Lessee will promptly, at its own expense, take such action as may be necessary by bonding or otherwise duly to discharge any such Lien not excepted above if the same shall arise at any time.

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

(a) Maintenance. During the Term and the Initial Storage Period Lessee, at its own expense, shall maintain and service each Item of Equipment in the same manner as employed by Lessee for similar items of equipment owned or leased by it at such time and shall adhere to Lessee's applicable standard preventative maintenance schedule with respect to such Item of Equipment, which will include testing appropriate thereto, repair and overhaul so that such Item of Equipment will remain (i) in as good operating condition as when delivered to Lessee hereunder (ordinary wear and tear excepted), (ii) suitable for immediate purchase or lease and immediate regular use in main line freight service by a Class I line-haul railroad and (iii) eligible under all Manufacturer's warranties. Lessee agrees that it will not discriminate against any Item of Equipment (as compared to other similar equipment owned or operated by Lessee) with respect to its use, operation or maintenance in contemplation of the expiration or termination of this Lease.

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

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

(d) Compliance with Laws, Etc. Lessee agrees to comply, at all times, in all respects (including, without limitation, with respect to the use, maintenance and operation of each Item of Equipment) with the interchange rules of the Association of American Railroads, if applicable, and with all Applicable Laws to the extent that such Applicable Laws affect the title, operation, maintenance or use of such Items of Equipment. In the event that any such rule or Applicable Law requires alteration of any Item of Equipment, Lessee shall conform thereto or obtain conformance therewith at no

expense to Lessor and shall maintain the Item of Equipment in proper condition under such rules and Applicable Laws; provided, however, that Lessee may in good faith contest the validity or application of any such rule or Applicable Law in any reasonable manner which does not and will not materially adversely affect Lessor.

(e) Possession. Lessee shall not, without the prior written consent of Lessor and Agent, sublease or otherwise in any manner deliver, transfer or relinquish possession of any Item of Equipment; provided, that so long as no Event of Default or Potential Event of Default shall have occurred and be continuing, and so long as the action to be taken does not and will not contemplate, permit, require, or result in the transfer of Lessor's ownership of or title to any Item of Equipment, or adversely affect Agent's rights under the Mortgage or the availability to Lessor or Agent of benefits under 11 U.S.C. § 1168 or any successor provision with respect to the Items of Equipment, Lessee may, without the prior written consent of Lessor and Agent, sublease any Item of Equipment to, or permit its use by, any user incorporated in the United States of America (or any state thereof or the District of Columbia), upon lines of a railroad owned or operated by Lessee or such user or by a railroad company or companies incorporated in the United States of America (or any state thereof or the District of Columbia), or over which Lessee, such user, or such railroad company or companies have trackage rights or rights for operation of their trains, and upon the lines of railroads of connecting and other carriers in the usual interchange of traffic or in through or run-through service, but only upon and subject to all the terms and conditions of this Lease; provided, further, that (i) such sublease or use shall not continue beyond the end of the Term, (ii) Lessor's and Agent's prior written consent, not to be unreasonably withheld, shall be obtained for any sublease or use that is for a term longer than 12 months, (iii) such sublease or other agreement related to use shall by its terms prohibit the sublessee or user from locating an Item of Equipment outside the area comprised of the United States and Canada, (iv) the rights of any transferee who receives possession by reason of a sublease or use permitted by this Section 7(e) shall be subject and subordinate to, and any sublease or other agreement related to use permitted by this Section 7(e) shall by the terms therein contained be made expressly subject and subordinate to, all the terms of this Lease and the Mortgage, and (v) Lessee shall furnish to Lessor and Agent a copy of any such sublease or other agreement related to use promptly after its execution. No such sublease or other relinquishment of possession of any Item of Equipment shall in any way discharge or diminish any of Lessee's obligations to Lessor and Agent hereunder or under any other Operative Document for which obligations Lessee shall be and remain primarily liable as a principal and not as a surety.

(f) Identification Marks. Lessee (i) has caused on or prior to the Delivery Date (or shall cause as soon thereafter as is practicable) the Items of Equipment to be numbered with the respective identification numbers set forth in Schedule 1 hereto, and (ii) shall keep and maintain, plainly, distinctly, permanently and conspicuously (x) marked on each side of each Item of Equipment, in letters not less

than one inch in height, the words "Ownership Subject to Documents Filed with the Interstate Commerce Commission," and (y) in the case of each Item of Equipment a nameplate bearing the legible inscription "TITLE TO THIS LOCOMOTIVE IS HELD BY NBB HARRISBURG LEASE CO., LTD., THE LESSOR, WHICH HAS LEASED THIS LOCOMOTIVE TO CONSOLIDATED RAIL CORPORATION AND SUCH TITLE IS SUBJECT TO A MORTGAGE IN FAVOR OF BARCLAYS BANK PLC, AS AGENT," with appropriate changes thereof as from time to time may be required by law, or required in the opinion of Lessor, in order to protect Lessor's title to and interest in such Item of Equipment and the rights of Lessor under this Lease and the other Operative Documents. Lessee shall not place any Item of Equipment in operation or exercise any control or dominion over the same until such words shall have been so marked and shall replace promptly any such markings which may be removed, defaced, obliterated or destroyed. Lessee shall not change the identification number of any Item of Equipment unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with Lessor and Agent and duly filed, recorded or deposited, as the case may be, by Lessee in all public offices where this Lease shall have been filed, recorded or deposited and (ii) Lessee shall have furnished Lessor and Agent with an opinion of counsel in form and substance satisfactory to Lessor and Agent to the effect that such statement has been so filed, recorded or deposited, and that no other filing, recordation, deposit or giving of notice with or to any federal, District of Columbia, state, provincial or local government or agency thereof is necessary to protect the rights of Lessor and Agent in such Item of Equipment. Except as provided in this Section 7(f), Lessee shall not allow the name of any Person to be placed on any Item of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that an Item of Equipment may be lettered with the names or initials or other insignia customarily used by Lessee or its Affiliates.

Section 8. Replacement and Pooling of Parts; Alterations, Modifications and Additions.

(a) Replacement of Parts. Lessee, at its own cost and expense, shall promptly replace or cause to be replaced all Parts which may from time to time be incorporated or installed in or attached to any Item of Equipment and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. In addition, Lessee may, at its own cost and expense, remove or cause to be removed in the ordinary course of maintenance, service, repair, overhaul or testing, any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use; provided, that Lessee, except as otherwise provided in Section 8(b), shall, at its own cost and expense, replace or cause to be replaced such Parts as promptly as practicable. All replacement Parts shall be free and clear of all Liens (except for Permitted Liens), shall be subject to the Lien of the Mortgage, and shall be in as good operating condition as, and shall have a value and utility at least equal to, the operating condition, value and utility that the Parts replaced would have

had or been in had such replaced Parts been in the condition and repair required to be maintained by the terms of this Lease. All Parts at any time removed from any Item of Equipment shall remain the property of Lessor and shall remain subject to the Lien of the Mortgage, no matter where located, until such time as such Parts shall be replaced by Parts which have been incorporated or installed in or attached to such Item of Equipment and which meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to such Item of Equipment as above provided, without further act, (i) ownership of and title to the replaced Part shall thereupon vest in Lessee, free and clear of all rights of Lessor and Agent, and shall cease to be a Part hereunder, (ii) ownership of and title to such replacement Part shall thereupon vest in Lessor, free and clear of all Liens (except Permitted Liens), and (iii) such replacement Part shall become subject to this Lease and to the Lien of the Mortgage and be deemed part of such Item of Equipment for all purposes to the same extent as the Parts originally incorporated or installed in or attached to such Item of Equipment.

(b) Alterations, Modifications and Additions. Lessee, at its own expense, shall make or cause to be made such alterations and modifications of and additions to the Items of Equipment as may be required from time to time to meet the interchange rules of the Association of American Railroads, if applicable, and all Applicable Laws; provided, however, that Lessee may at its own expense, in good faith, contest the validity or application of any rule or Applicable Law in any reasonable manner that does not and will not adversely affect any Item of Equipment or the rights of Lessor or Agent therein or under this Lease or any other Operative Document. In addition, Lessee, at its own expense, may from time to time make or cause to be made such alterations and modifications of and additions to any Item of Equipment as Lessee may deem desirable in the proper conduct of its business, including, without limitation, removal of Parts which Lessee deems obsolete or no longer suitable or appropriate for use in an Item of Equipment (for purposes of this Section 8(b) called "Obsolete Parts"); provided, that no such alteration, modification, addition or removal shall materially diminish the value, utility, performance, or durability of such Item of Equipment or impair the condition thereof below the value, utility, performance, durability and condition that such Item of Equipment would have had or been in immediately prior to such alteration, modification, addition or removal had such Item of Equipment then been of the value, utility, performance and durability and in the condition required to be maintained by the terms of this Lease, except that the value (but not the utility, performance, durability or condition) of the Item of Equipment may be reduced by the value of the Obsolete Parts which shall have been removed. Ownership of and title to all Parts incorporated or installed in or attached or added to an Item of Equipment as the result of such alteration, modification or addition shall, without further act, vest in Lessor and such Parts shall automatically be subject to the Lien of the Mortgage. Lessor shall not be required under any circumstance to pay directly for any alteration, modification or addition to the Items of Equipment or to reimburse Lessee for the cost thereof. Notwithstanding the foregoing, so long as no Event of Default shall have occurred and

be continuing, Lessee may, at any time during the Term, remove any Part; provided, that (i) such Part is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to such Item of Equipment at the time of delivery thereof hereunder or any Part in replacement of, or substitution for, any such Part, (ii) such Part is not required to be incorporated or installed in or attached or added to such Item of Equipment pursuant to the first sentence of this Section 8(b) and (iii) such Part can be removed from such Item of Equipment without materially diminishing the value, utility, performance or durability of such Item of Equipment or materially impairing the condition thereof below the value, utility, performance, durability and condition that such Item of Equipment would have had or been in had such Item of Equipment been in the condition and repair required by the terms of this Lease at the time of such removal had the addition of such Part not occurred. Upon the removal by Lessee of any Part as provided in the immediately preceding sentence or the removal of any Obsolete Part permitted by this Section 8(b), ownership thereof and title thereto shall, without further act, vest in Lessee, and such Part shall no longer be deemed part of the Item of Equipment from which it was removed and shall no longer be subject to the Lien of the Mortgage. Any Part not removed by Lessee as provided in such sentence prior to the return of such Item of Equipment to Lessor hereunder shall remain the property of Lessor and subject to the Lien of the Mortgage.

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

(a) Lessee's Right of Voluntary Termination.

(i) Lessee shall have the right at its option on a Termination Date (which Termination Date shall not be less than 30 and not more than 120 days following the date of delivery by Lessee to Lessor of a notice specifying such Termination Date) to terminate the Lease and purchase all (but not less than all) of the Items of Equipment. Such Termination Date may be on or at any time after the sixth anniversary of the Delivery Date.

(ii) At any time prior to the sixth anniversary of the Delivery Date, Lessee shall have the right at its option upon not less than 10 nor more than 30 days' notice to Lessor specifying a Termination Date to terminate this Lease and purchase all (but not less than all) of the Items of Equipment if (A) the Board of Directors of Lessee has approved a transaction described in Section 13(b) and Lessee is proceeding to consummate such a transaction, and (B) Lessee is unable to satisfy the requirements of Section 13(b); provided that Lessor shall have the option to annul or prevent the termination of this Lease exercisable by a notice, given within 10 days of receipt of Lessee's notice, constituting a waiver by Lessor of the requirements referred to in the preceding subclause (B).

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

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

(d) Other Terminations.

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

(ii) This Lease shall terminate automatically if at any time the Agent accelerates payment of the Loan pursuant to the provisions of the Loan Agreement other than pursuant to Section 3.6(b), 3.7 or 3.8 of the Loan Agreement. For the purposes of this Section 9(d)(ii), the Termination Date shall be the date on which the Loan becomes payable

following the exercise by Agent of its right to accelerate payment of the Loan.

(iii) Lessor shall have the right at its option to terminate this Lease at any time, upon not less than 10 days' notice to Lessee specifying a Termination Date and the amount of the Tax referred to below, if as a result of a Change in Law a consumption, sale, use, value-added or similar tax is, or in the opinion of nationally recognized tax counsel to Lessor, a copy of which shall be provided to Lessee, would be, imposed with respect to amounts receivable by Lessor hereunder or under any other Operative Document; provided, that Lessee shall have the option to annul or prevent the termination of this Lease exercisable by a notice, given within 10 days of receipt of Lessor's notice, constituting an indemnification arrangement satisfactory to Lessor, and in such event this Lease shall not terminate.

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

(v) Either party hereto shall have the right, upon not less than two nor more than 10 Business Days' notice specifying a Termination Date, to terminate this Lease at any time if for any reason a Swap Agreement is no longer in full force and effect.

(vi) This Lease shall terminate automatically if at any time the Agent or the Lenders accelerate payment of the Loan pursuant to Section 3.6(b), 3.7 or 3.8 of the Loan Agreement. For the purposes of this Section 9(d)(vi), the Termination Date shall be the date on which the Loan becomes payable following the exercise by the Agent or the Lenders of their respective right to accelerate payment of the Loan.

(e) Purchase of Items of Equipment on Termination.

(i) Upon any termination pursuant to Section 9(a), 9(b), 9(c) (where the illegality arises under the laws of a jurisdiction other than Japan), 9 (d)(ii) (where the Agent accelerates payment of the Loan as a result of the occurrence of an event described in Section 5.1 of the Loan Agreement that results from the breach by Lessee of any of its obligations under any of the Operative Documents), 9(d)(v) or 9(d)(vi) (where the event giving rise to such termination occurs under the laws of a jurisdiction other than Japan), Lessee may, at its option, acquire all (but not less than all) of the Items of Equipment by, as the purchase price for the Items of Equipment, (x) either (A) paying to Lessor on the Termination Date the Basic Termination Payments for such Items of Equipment applicable to

such event of termination, computed as provided in Schedule B with reference to the Termination Date, or (B) assuming the obligations of Lessor for repayment of the Loan in accordance with Section 19 of the Participation Agreement, and (y) in addition, paying to Lessor on the Termination Date the Special Termination Payment for such Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column A of Schedule D and in an amount calculated in accordance with Schedule D.

(ii) Upon any termination pursuant to 9(d)(ii)(other than in the circumstances described in the preceding subsection (i)), 9(d)(iii), or 9(d)(vi) (where the event giving rise to such termination occurs under the laws of Japan) (collectively, the "Unwind Events"), Lessee may, at its option, acquire all (but not less than all) of the Items of Equipment by, as the purchase price for the Items of Equipment, (x) either (A) paying to Lessor on the Termination Date the Basic Termination Payments for such Items of Equipment applicable to such event of termination, computed as provided in Schedule B with reference to such Termination Date, or (B) assuming the obligations of Lessor for repayment of the Loan in accordance with Section 19 of the Participation Agreement, and (y) in addition, paying to Lessor on the Termination Date the Special Termination Payment for the Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column B of Schedule D and in an amount calculated in accordance with Schedule D. For Unwind Events occurring prior to July 31, 1994, the Special Termination Payment will be payable on July 31, 1994 and the obligation to make such payment will be evidenced by a payment acknowledgment in the form of Exhibit B hereto (the "Payment Acknowledgment") delivered to Lessor on or prior to the Termination Date. For Unwind Events occurring on or subsequent to July 31, 1994, the Special Termination Payment will be payable on the Termination Date.

(iii) Upon termination pursuant to Section 9(c) (where the illegality arises under the laws of Japan), 9(d)(i) or 9(d)(iv), Lessee may, at its option, acquire all (but not less than all) of the Items of Equipment by, as the purchase price for the Items of Equipment, (x) either (A) paying to Lessor on the Termination Date the Basic Termination Payments, for the Items of Equipment applicable to such event of termination, computed as provided in Schedule B with reference to such Termination Date, or (B) assuming the obligations of Lessor for repayment of the Loan in accordance with Section 19 of the Participation Agreement, and (y) in addition, paying to Lessor on the Termination Date the Special

Termination Payment for the Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column C of Schedule D and in an amount calculated in accordance with Schedule D.

(iv) In the event Lessee elects to exercise its option to purchase the Items of Equipment pursuant to subparagraph (i), (ii) or (iii) of this Section 9(e), then upon payment of the Basic Termination Payment, or assumption of the obligations of Lessor for repayment of the Loan in accordance with Section 19 of the Participation Agreement, as the case may be, payment of the Special Termination Payment computed in the manner set forth in Section 9(e)(i)(y), 9(e)(ii)(y), or 9(e)(iii)(y) as the case may be (or receipt of a Payment Acknowledgment in lieu of such Special Termination Payment pursuant to Section 9(e)(ii)(y)), and payment of all other amounts of Supplemental Rent then due, Lessor shall without recourse or warranty (except as to Lessor's Liens and, if such purchase does not constitute an Assumption Event, the Lien of the Mortgage) and without further act, be deemed to have transferred to Lessee as of the Termination Date all of Lessor's right, title and interest in and to all of the Items of Equipment in as-is, where-is condition and shall at Lessee's expense execute and deliver to Lessee such bills of sale and other documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to such Items of Equipment in Lessee, free and clear of all right, title and interest of Lessor or any Affiliate thereof and Lessor's Liens (it being understood that if such purchase does not constitute an Assumption Event, the Agent has agreed pursuant to Section 2.3 of the Mortgage and Section 28 of the Participation Agreement to release the Mortgage when the Secured Obligations have been paid). In the event Lessee does not either exercise such option or make the payments referred to above (or assume the Loan repayment obligations or deliver the Payment Acknowledgment referred to above) on or prior to the Termination Date, the provisions of Section 19 regarding sale of the Items of Equipment, payments of Basic Termination Payments and payments of Special Termination Payments, application of proceeds and the payment of any deficiency or surplus, as the case may be, shall be applied mutatis mutandis; provided, that for this purpose the terms "Purchase Price" and "Deficiency Payment" shall mean and refer to the amounts set forth in subparagraph (i), (ii) or (iii) of this Section 9(e) (whichever shall be applicable), references to the term "Lease Expiry Date" shall mean and refer to the applicable Termination Date and references to Schedule E shall be modified accordingly.

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

Section 10. Loss, Destruction, Requisition, etc.

(a) Event of Loss.

(i) Replacement of Items of Equipment. Upon the occurrence during the Term of an Event of Loss with respect to an Item of Equipment, Lessee shall forthwith (and, in any event, within 15 days after such occurrence) give Lessor written notice of such Event of Loss and shall, subject to the provisions of Section 10(a)(ii) and provided that no Event of Default has occurred and is continuing, compensate Lessor in respect of such Event of Loss by furnishing Lessor with a Replacement Item of Equipment, to be leased hereunder, in the manner and subject to the conditions set forth in this Section 10(a)(i):

(w) As promptly as practicable after the Event of Loss, and in any event on or before the Business Day next preceding the 91st day next following the date of the occurrence of such Event of Loss, Lessee shall designate in its sole discretion a proposed Replacement Item of Equipment and shall deliver to Lessor all information regarding such proposed Replacement Item of Equipment as Lessor may reasonably request for the purpose of making the calculations referred to in clause (x) of this Section 10(a)(i).

(x) As promptly as practicable after Lessee shall have notified Lessor of the proposed Replacement Item of Equipment (and in any event within 30 days after such notice), Lessor shall (A) obtain, at Lessee's expense, an opinion from Lessor's independent tax advisor as to the Japanese tax consequences to Lessor resulting from the proposed replacement of the Item of Equipment and the leasing of the Replacement Item of Equipment by Lessor to Lessee pursuant to the terms hereof, (B) calculate the semi-annual amounts required to be paid by Lessee to Lessor or by Lessor to Lessee, as the case may be, in order to preserve Lessor's after-tax rate of return, using the information supplied by Lessee pursuant to clause

(w) above and such opinion of Lessor's independent tax advisor and based on the same assumptions as Lessor used in evaluating its investment in the Item of Equipment on the Delivery Date (but including the assumption of no reinvestment by any Kumiai-in), and assuming that Lessor (and each Kumiai-in, if necessary or appropriate) has taken all available steps to defer any income or gain resulting from the replacement and to claim the Japanese tax benefits attributable to the Replacement Item of Equipment on a basis which provides Lessee with the best economic results, (C) calculate the lump sum amount which, if paid by Lessee to Lessor or by Lessor to Lessee on the date Lessee proposes to furnish the proposed Replacement Item of Equipment to Lessor, would maintain Lessor's anticipated after-tax yield (using the same information and assumptions described in subclause (B) of this Section 10(a)(i)(x)), (D) recompute the Special Termination Payments with respect to the Replacement Item of Equipment using the same methodology that was used in calculating the original Special Termination Payments so that (I) in the case of the Special Termination Payments calculated by reference to Column A of Schedule D, Lessor's anticipated after-tax yield is preserved and, to the greatest extent possible consistent with the foregoing, the economic losses that could be suffered by Lessee from the transactions contemplated by the Operative Documents upon a termination of the Lease of such Replacement Item of Equipment pursuant to Section 9, 10 or 15 are limited, (II) in the case of the Special Termination Payments calculated by reference to Column B of Schedule D, no amount set forth in such Column B exceeds the corresponding amount calculated by reference to Column A of Schedule D and (III) in the case of the Special Termination Payments calculated by reference to Column C of Schedule D, no amount set forth in such Column C exceeds the corresponding amount calculated by reference to Column B of Schedule D and (E) deliver to Lessee a certificate signed by an officer of Lessor setting forth such calculations and recomputations and the basis therefor in reasonable detail and setting forth the amounts computed pursuant to subclauses (B) and (C) above and stating whether such amounts are payable by Lessor to Lessee or by Lessee to Lessor.

(y) If the certificate delivered by Lessor pursuant to clause (x) above shows a net amount computed pursuant to subclause (C) above payable by Lessee to Lessor, Lessee shall, on the date Lessee furnishes the Replacement Item of Equipment to Lessor pursuant to clause (z) below, pay to Lessor such amount, or if such certificate shows a net amount computed pursuant to subclause (C) above

payable by Lessor to Lessee, Lessor shall, upon the replacement of the Item of Equipment, if any, as contemplated by this clause (y), pay to Lessee on each date on which Basic Rent, Basic Termination Payments, Casualty Value Termination Payments, Special Termination Payments or amounts payable under Section 19 are payable in Yen, an amount in Yen equal to the lesser of (A) the amount then payable to Lessor in Yen and (B) the amount which would maintain Lessor's after-tax yield (as computed pursuant to subclause (C) of clause (x) above).

(z) Not later than the 30th day after receipt of Lessor's certificate pursuant to clause (x) above, Lessee shall convey or cause to be conveyed to Lessor, and Lessor shall lease to Lessee hereunder, the proposed Replacement Item of Equipment, free and clear of all Liens other than Permitted Liens and subject to the Lien of the Mortgage and having a value, utility, performance and durability at least equal to, and in as good operating condition as, the value, utility, performance, durability and operating condition that the Item of Equipment so replaced would have had or have been in had such Item of Equipment been in the condition and repair required by the terms of this Lease and shall, in connection with such replacement:

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

(B) cause a Lease Supplement substantially in the form of Exhibit A hereto, evidencing the Lease of the Replacement Item of Equipment and incorporating by reference all the terms and provisions of this Lease, duly executed by Lessee, to be delivered to Lessor for execution and request that Lessor deliver to Agent a supplement to the Mortgage that has been duly executed by Lessor (and Lessor shall promptly execute such Lease Supplement and Mortgage supplement, and Agent shall promptly execute such Mortgage supplement) and, upon execution by Lessor and Agent, respectively, cause such Lease Supplement and such Mortgage supplement to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and in the office of the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada;

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

(D) furnish Lessor and Agent with evidence of compliance with the insurance provisions of Section 11 with respect to the Replacement Item of Equipment substantially similar to that furnished to Lessor and Agent at the time Lessor originally leased the Item of Equipment to Lessee pursuant to Section 2;

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

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

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

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

(I) take such other actions and furnish such other certificates and documents as Lessor and Agent may

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

Upon the delivery of the bill or bills of sale covering the Replacement Item of Equipment to Lessor, (1) the lease hereunder of the replaced Item of Equipment shall cease, (2) Lessor shall, without recourse or warranty (except as to Lessor's Liens and the Lien of the Mortgage) and without further act, be deemed to have transferred to Lessee all of Lessor's right, title and interest in and to the replaced Item of Equipment, and shall, at Lessee's expense, execute and deliver such bills of sale and other documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to such replaced Item of Equipment in Lessee, all in as-is where-is condition, free and clear of all right, title and interest of Lessor, or any Affiliate thereof and Lessor's Liens (it being understood that the Agent has agreed pursuant to Section 2.3 of the Mortgage and Section 28 of the Participation Agreement to release the Mortgage when the Secured Obligations have been paid), and (3) any insurance proceeds less any amounts payable to Lessor pursuant to clause (y) of this Section 10(a)(i), pursuant to a certificate timely given pursuant to clause (x) of this Section 10(a)(i), above, remaining unpaid shall be paid over to or retained by Lessee, and (4) Lessor shall assign to Lessee all claims against third Persons for damage relating to such replaced Item of Equipment arising from the Event of Loss. During the period between the occurrence of the Event of Loss and the date of the replacement of the Item of Equipment pursuant to clause (z) of this Section 10(a)(i), the obligation of Lessee to pay Rent pursuant to Section 3 shall continue unchanged, except that upon such replacement, it shall become an obligation to pay such Rent in respect of the Replacement Item of Equipment. For all purposes hereof, upon delivery of such Lease Supplement and bill or bills of sale covering the Replacement Item of Equipment to Lessor, such Replacement Item of Equipment, if any, shall be leased hereunder, and the Replacement Item of Equipment shall be an Item of Equipment as defined herein.

(ii) Lessee's Purchase Option; Termination of Lease. Notwithstanding the provisions of Section 10(a)(i), if Lessee shall at any time prior to full compliance with Section 10(a)(i) notify Lessor that Lessee will not replace an Item of Equipment as provided herein, or if such replacement shall not have been effected by the 181st day following the Event of Loss, Lessee shall, as compensation for such Event of Loss,

(x) pay to Lessor, on or before the earlier of 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, which date shall be the Termination Date for purposes of this Section 10, the Casualty Value Termination Payment for such Item of Equipment computed as provided in Schedule C with reference to such Termination Date, (y) pay to Lessor, on or before such Termination Date, the Special Termination Payment computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column A of Schedule D and in an amount calculated in accordance with Schedule D and (z) pay to Lessor upon demand an amount in Yen to compensate it for the loss of depreciation benefit with respect to such Item of Equipment that would otherwise have been available to Lessor in the period from the date of the Event of Loss to the date such Special Termination Payment is made, taking into account any depreciation benefit that is actually available, in an amount sufficient to preserve Lessor's after-tax yield, such amount to be calculated from the date such depreciation would have resulted in tax benefit to Lessor to the date such Special Termination Payment is made, such depreciation benefit to be calculated on the same assumptions (including assumptions with respect to Japanese Taxes) used by Lessor in evaluating its investment in such Item of Equipment on the Delivery Date. The obligation of Lessee to pay Basic Rent hereunder with respect to such Item of Equipment on any Lease Period Date occurring on or subsequent to such Termination Date shall terminate.

Upon payment of such Casualty Value Termination Payment and upon payment of such Special Termination Payment for such Item of Equipment, (1) the Term with respect to such Item of Equipment shall end, (2) Lessor shall without recourse or warranty (except as to Lessor's Liens and the Lien of the Mortgage) and without further act, be deemed to have transferred to Lessee all of Lessor's right, title and interest in and to such Item of Equipment with respect to which such Event of Loss occurred, in as-is where-is condition, and shall, at Lessee's expense, execute and deliver such bills of sale and other documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to such Item of Equipment in Lessee, free and clear of all right, title and interest of Lessor, or any Affiliate thereof and Lessor's Liens (it being understood that the Agent has agreed pursuant to Section 2.3 of the Mortgage and Section 28 of the Participation Agreement to release the Mortgage when the Secured Obligations have been paid), (3) any insurance proceeds shall be paid over to or retained by Lessee and (4) Lessor shall assign to Lessee all claims against third Persons for damage relating to such Item of Equipment arising from the Event of Loss.

(b) Application of Payments from Governmental Authorities for Requisition of Title or Use. Any payments (other than insurance proceeds) received at

any time by Lessor or by Lessee from any governmental authority or other Person with respect to an Event of Loss resulting from the condemnation, confiscation, or seizure of, or requisition of title to or use of, an Item of Equipment by the Government will be applied as follows:

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

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

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

(d) Application of Payments During Existence of Event of Default. Any amount referred to in Section 10(b) or Section 10(c) which is payable to Lessee shall not be paid to Lessee, or, if it has been previously paid directly to Lessee, shall not be retained by Lessee, if at the time of such payment an Event of Default or Potential Event of Default shall have occurred and be continuing, but shall be paid to and held by

Lessor as security for the obligations of Lessee under this Lease, and at such time as there shall not be continuing any such Event of Default or Potential Event of Default, such amount shall be paid to Lessee.

Section 11. Insurance. Lessee will at all times prior to the return of all Items of Equipment to Lessor, as part of an insurance program including appropriate risk retention and self-insurance, and at its own expense, cause to be carried and maintained casualty insurance and public liability insurance in respect of the Items of Equipment in such amounts, against such risks and on such terms and conditions as is customarily obtained by Lessee in respect of similar equipment owned or leased by it. All policies with respect to such insurance shall (a) name Lessor and Lenders as additional insureds and loss payees, (b) include waivers by the insurer of all claims for premiums against Lessor and Lenders, (c) to the extent such insurance is available and is customarily obtained by Lessee in respect of similar equipment owned or leased by it, provide that in respect of the interests of Lessor and Lenders in such policies the insurance shall not be invalidated by any action or inaction of Lessee and shall insure Lessor's and Lenders' interests regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee and (d) provide that, if such insurance is canceled for any reason whatsoever, or any substantial change is made in the coverage which affects the interest of Lessor or any Lender, or if such insurance is allowed to lapse for non-payment of premium, such cancellation, change or lapse shall not be effective as to Lessor or Lenders for 30 days after receipt by Lessor or Agent, as the case may be, of written notice from such insurers of such cancellation, change or lapse (and Lessee shall provide 30 days' prior written notice to each of Lessor and Agent in any such event). Each such insurance policy shall provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of Lessee) shall operate in the same manner as if there were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by Lessor and any Lender. Lessee shall, at its own expense, make all proofs of loss and take all other steps necessary to collect the proceeds of such insurance. On or before the Delivery Date, and annually not later than June 15th of each year with respect to public liability insurance and November 15th of each year with respect to casualty insurance, commencing on November 15, 1990 and June 15, 1991, Lessee shall furnish to each of Lessor and Agent a certificate of an independent insurance broker acceptable to Lessor and Agent evidencing the maintenance of the insurance required. Lessee shall furnish to each of Lessor and Agent certificates evidencing renewal of such policy or policies not later than 15 days after the expiration date of such policy or policies. Lessee shall furnish to each of Lessor and Agent a prompt telephonic notice of (and shall promptly confirm in writing) any material adverse change in Lessee's insurance program. In the event that Lessee shall fail to maintain insurance as herein provided, and has failed to obtain separate policies reasonably satisfactory to Lessor and Agent, either Lessor or Agent may at its option on five Business Days' prior written notice to Lessee (and either Lessor or Agent, as applicable) provide such insurance (giving Lessee prompt written

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

Any amount referred to in the preceding paragraph which is payable to Lessee shall not be paid to Lessee, or, if it has been previously paid directly to Lessee, shall not be retained by Lessee, if at the time of such payment an Event of Default or Potential Event of Default shall have occurred and be continuing, but shall be paid to and held by Lessor, as security for the obligations of Lessee under this Lease, and at such time as there shall not be continuing any such Event of Default or Potential Event of Default, such amount shall be paid to Lessee; provided, that if (i) any such amount has been so held by Lessor as security for more than 360 days, (ii) Lessee is not subject to a petition under the federal bankruptcy laws and (iii) Lessor shall not have exercised any remedy available to it under Section 15, then such amount shall be paid to Lessee.

Section 12. Inspection. At all reasonable times during the Term applicable to an Item of Equipment, including any applicable storage period provided in Section 5, upon not less than five days' notice to Lessee, Lessor, Agent or any of their authorized representatives may at the expense and risk of Lessor or Agent, as the case may be, inspect such Item of Equipment and the books and records of Lessee relating thereto at the location on Lessee's premises where such Item of Equipment or such

books and records are then located or at any other location at which Lessee or its authorized representatives have access to such Item of Equipment or any books and records relating thereto. Upon the prior written request of Lessor or Agent, Lessee shall advise Lessor or Agent, as the case may be, promptly in writing of the location of any Item of Equipment or books and records relating thereto. No inspection pursuant to this Section 12 shall materially interfere with the safe use, operation or maintenance of any such Item of Equipment or the normal conduct of Lessee's business, and Lessee shall not incur any liability or obligation to Lessor or Agent by reason of the negligence of Lessor, Agent or any of their authorized representatives during any such inspection. Neither Lessor nor any Lender (acting through the Agent or otherwise) shall have any duty to make any such inspection and neither shall incur any liability or obligation by reason of not making any such inspection.

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

(a) Assignment. Except as otherwise expressly provided herein, Lessee will not, without the prior written consent of Lessor, assign, convey or transfer any of its rights hereunder. Lessor will not, without the prior written consent of Lessee, assign or convey any of its right, title and interest in and to this Lease or any Item of Equipment except as otherwise expressly permitted or required hereby or by the other Operative Documents.

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

(i) the corporation formed by such reorganization, consolidation or into which Lessee is merged or which merges into Lessee or the Person which acquires by conveyance, transfer or lease all or substantially all of the assets of Lessee (the "Successor") (A) shall be a corporation organized and existing under the laws of the United States of America or any state or the District of Columbia, (B) shall have a Net Worth equal to or greater than 75% of the Net Worth of Lessee immediately prior to such reorganization, consolidation, merger, conveyance, transfer or lease, (C) shall execute and deliver to Lessor an agreement, in form satisfactory to Lessor and Agent in their sole discretion, containing an assumption by the Successor of the due and punctual performance and observance of each covenant and condition of this Lease and the other Operative Documents to be performed or observed by Lessee and an undertaking to be bound by all of the terms and provisions of this Lease and the other Operative Documents with the same effect as though named Lessee herein and therein and (D) shall make such filings and recordings as shall be necessary, desirable or otherwise required in the reasonable judgment of

Lessor or Agent to evidence such reorganization, consolidation, merger, conveyance, transfer or lease;

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

(iii) Lessee shall have delivered to Lessor and Agent an Officer's Certificate and an opinion of counsel to the Successor, such opinion to be in form and substance satisfactory to Lessor and Agent, each stating that (A) such reorganization, consolidation, merger, conveyance, transfer or lease and the assumption agreement described in clause (i) comply with such clause (i) (and, in the case of such certificate, clause (ii) of this Section 13(b) also), (B) the agreements entered into to effect such reorganization, consolidation, merger, conveyance, transfer or lease and the assumption agreement described in clause (i) above, are legal, valid and binding obligations of the Successor enforceable against the Successor in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and other similar laws and equitable principles affecting the enforcement of creditors' rights generally, (C) all conditions precedent herein provided for relating to such transactions have been complied with and (D) such other matters relating to such reorganization, consolidation, merger, conveyance, transfer or lease as Lessor or Agent or both, may reasonably request; and

(iv) such reorganization, consolidation or merger shall not have a material adverse affect on the benefits available to the Lenders pursuant to 11 U.S.C. § 1168.

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

(c) Registered Agreement. This Lease is a registered agreement. A manually signed copy of this Lease and each Lease Supplement shall be only evidence of

Lessor's rights and neither the Lease nor any Lease Supplement is a bearer instrument. Lessee will keep the Lessee's Record of Ownership in which it will reflect by book entry, and reflect by book entry any transfer of, Lessor's interest in the Items of Equipment, in this Lease and in the rights to receive any payments hereunder.

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

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

Lessee acknowledges that the rights of Lessor to receive certain payments hereunder have been pledged to Agent for the ratable benefit of the Lenders and that Lessor has granted to Agent for the ratable benefit of the Lenders a lien on and security interest in the Items of Equipment and the Lease pursuant to the Mortgage (and such acknowledgment constitutes final acceptance of such pledge, lien, and security interest). Lessee acknowledges that it has made an entry of such pledge, lien and security interest in the Lessee's Record of Ownership and will not enter any other pledge, lien or security agreement in the Lessee's Record of Ownership.

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

(a) Lessee shall fail to make any payment of Basic Rent, Basic Termination Payments, Casualty Value Termination Payments or Purchase Price, Deficiency Payments or other amounts referred to in Section 19 within 5 days after notice to Lessee that the same shall have become due; or

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

(c) Lessee shall fail to carry and maintain insurance on or with respect to the Items of Equipment in accordance with Section 11 or shall allow such insurance to lapse; provided, that in the case of insurance with respect to which cancellation, change or lapse for nonpayment of premium shall not be effective as to Lessor or any Lender for 30 days after receipt of notice by Lessor or Agent, as the case may be, of such cancellation, change or lapse, no such failure to carry and maintain insurance shall constitute an Event of Default until the earlier of (i) the date such failure shall have continued unremedied for a period of 20 days after receipt by Lessor or Agent, as the case may be, of the notice of cancellation, change or lapse referred to in Section 11 hereof or (ii) the date on which such insurance is not in effect as to Lessor or any Lender, as the case may be; or

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

(e) Lessee shall fail to perform or observe any other material covenant, condition or agreement to be performed or observed by it hereunder or under the Participation Agreement and such failure shall continue unremedied for a period of 30 days after Lessee shall have received written notice thereof from Lessor or Agent; or

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

(g) Lessee shall consent to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property or Lessee shall

admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors; or

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

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

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

(i) At the request of Lessor, Lessee shall promptly deliver to Lessor or its order all or such part of such Items of Equipment as Lessor may request in the manner and condition required by, and otherwise in

accordance with all the provisions of, Section 5 as if such Items of Equipment were being returned at the end of the Term, or Lessor, at its option, may repossess all or any of such Items of Equipment; provided, that Lessor shall notify Lessee of Lessor's intent to repossess such Item or Items of Equipment, and further provided, that Lessee shall cooperate fully with Lessor in Lessor's exercise of its rights to repossess such Item or Items of Equipment;

(ii) If Lessee does not exercise the option set forth in Section 15(b), Lessor shall sell all or any Items of Equipment at public or private sale (upon not less than 15 days' notice to Lessee), in one or more transactions, as Lessor may determine, free and clear of any rights of Lessee. Lessee shall deliver any Items of Equipment so sold to the purchasers of such Items of Equipment designated in Lessor's notice referred to in the preceding sentence, or, in the event of a public sale, to the purchasers of such Items of Equipment designated in a notice delivered to Lessee subsequent to such sale, in the manner and condition required by, and otherwise in accordance with all the provisions of, Section 5 as if such Items of Equipment were being returned at the end of the Term. The proceeds of such sale shall be applied to pay Lessor an amount equal to the sum of (i) the Selling Costs, (ii) to the extent not previously paid, the Basic Termination Payments and, to the extent not previously paid, the Special Termination Payments, for the Items of Equipment, in each case calculated through the date of payment, and (iii) all other amounts of Supplemental Rent then due and owing to Lessor from Lessee, and the remainder shall be paid to Lessee. If after such application Lessor shall not have received the full amount of the Basic Termination Payments required by the immediately preceding sentence and Lessor shall not have received the full amount of the Special Termination Payments required by the immediately preceding sentence and the amounts referred to in clauses (i) and (iii) of the immediately preceding sentence, Lessee shall pay upon demand any deficiency to Lessor. Upon the transfer by Lessor of its right, title and interest in and to all Items of Equipment to a third party this Lease shall terminate except for the obligation of Lessee to pay the deficiency, if any, referred to in the immediately preceding sentence, and accordingly the obligation of Lessee to pay Basic Rent shall cease for the Lease Period ending on the Lease Period Date occurring on or subsequent to the date of transfer and for all subsequent Lease Periods, and the Term shall end effective as of the date of such sale; and

(iii) Except as set forth in Section 15(b), from and after the 11th day following the declaration of a default by Lessor, the remedies referred to in this Section 15 shall not be exclusive but shall be cumulative and in addition to any other remedy available to Lessor at law or in equity;

provided, that if in connection with the exercise by Lessor of any remedy Lessor shall sell, lease or otherwise dispose of, in any manner whatsoever, all or any portion of the Items of Equipment, Lessee shall in all events receive any proceeds remaining from such sale, lease or disposition after deduction by Lessor of the Selling Costs and receipt by Lessor of the Basic Termination Payments (to the extent not previously paid), the Special Termination Payments (to the extent not previously paid) and all other amounts of Supplemental Rent then due. From and after the 11th day following the declaration of a default by Lessor, Lessee shall render such assistance to Lessor in the sale or other disposition of the Items of Equipment as Lessor shall reasonably request.

(b) Notwithstanding the provisions of Section 15(a), Lessor agrees that for a period of 10 days after the Lessor's declaration of a default, Lessor shall not exercise its remedies as set forth in Section 15(a). During such 10-day period Lessee may, at its option, purchase all (but not less than all) of the Items of Equipment from Lessor by, as the purchase price for all of the Items of Equipment, (x) paying to Lessor the Basic Termination Payment for all of the Items of Equipment computed as provided in Schedule B with reference to the Termination Date, (y) paying the Special Termination Payment for all of the Items of Equipment computed with reference to the Monthly Dates and U.S. Dollar amounts set forth in Column A of Schedule D and in an amount calculated in accordance with Schedule D and (z) paying all other amounts of Supplemental Rent then due.

(c) Upon receipt of the payments described in subsection (b) Lessor shall, without recourse or warranty (except as to Lessor's Liens) and without further act, be deemed to have transferred to Lessee all of Lessor's right, title and interest in and to all of the Items of Equipment in as-is, where-is condition and shall at Lessee's expense deliver to Lessee such bills of sale and other documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to all of the Items of Equipment in Lessee, free and clear of all right, title and interest of Lessor and the Term shall end (it being understood that the Agent has agreed pursuant to Section 2.3 of the Mortgage and Section 28 of the Participation Agreement to release the Mortgage when the Secured Obligations have been paid).

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

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

Section 17. Notices. All notices, demands, requests, consents, approvals and other communications required under the terms and provisions hereof shall be in English and in writing, and may be given by airmail, telegram, cable, telex, telecopy or telefax or any other customary means of communication, and any such notice, demand, request, consent, approval or other communication shall be effective when delivered (i) if to Lessee, at Six Penn Center Plaza, Philadelphia, Pennsylvania 19103, Attention: Assistant Treasurer-Financing, Telex: 834-510, Telecopy/Telefax: 010-1-215-977-5346, or at such other address as Lessee shall from time to time designate in writing to Lessor and Agent, (ii) if to Lessor, at 1-12-11 Nihonbashi, Chuo-Ku, Tokyo 103, Japan, Attention: General Manager, Telex: J33704, Answerback: NOMBAB, Telecopy/Telefax: 011-81-3-281-0215, or at such other address as Lessor shall from time to time designate in writing to Lessee and (iii) if to the Agent, at the address set forth in Section 12(b) of the Participation Agreement.

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

Section 19. Purchase of Items of Equipment at End of Term. Upon not less than 30 and not more than 180 days' prior written notice to Lessor, Lessee may, at its option, elect to purchase all (but not less than all) of the Items of Equipment on the

Lease Expiry Date (or, if such date is not a Business Day, on the next succeeding Business Day). If such option has been exercised, on the date for purchase established pursuant to the immediately preceding sentence, (a) Lessee shall purchase all of the Items of Equipment from Lessor by paying to Lessor a purchase price in the amount set forth in Schedule E (the "Purchase Price") and (b) upon payment of the Purchase Price and any other amounts of Supplemental Rent then due, Lessor shall, without recourse or warranty (except as to Lessor's Liens) and without further act, be deemed to have transferred to Lessee all of Lessor's right, title and interest in and to all of the Items of Equipment in as-is, where-is condition and shall at Lessee's expense execute and deliver such bills of sale and other documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to all of the Items of Equipment in Lessee, free and clear of all right, title and interest of Lessor, or any Affiliate thereof and Lessor's Liens (it being understood that the Agent has agreed pursuant to Section 2.3 of the Mortgage and Section 28 of the Participation Agreement to release the Mortgage when the Secured Obligations have been paid). In the event that Lessee does not exercise such purchase option and purchase all of the Items of Equipment as provided in this Section 19, Lessor shall, not later than 180 days after the Lease Expiry Date, sell all of the Items of Equipment at public or private sale (upon 20 days' prior written notice of any sale to Lessee and at which sale Lessee shall be invited to participate), in one or more transactions, as Lessor may determine, free and clear of any rights of Lessee, and nevertheless Lessee shall pay on the Lease Expiry Date the amount set forth in clause (a) of Schedule E into the Dollar Account and the amount set forth in clause (b) of Schedule E into the Yen Account (collectively, the "Deficiency Payment"). Upon the sale of the Items of Equipment by Lessor, Lessee shall pay to Lessor an amount equal to the Selling Costs and all other amounts of Supplemental Rent then due to Lessor from Lessee and unpaid and Lessor shall pay to Lessee the proceeds of such sale but only to the extent such proceeds do not exceed the Deficiency Payment. Notwithstanding the foregoing, Lessee may, at any time prior to the sale of the first Item of Equipment to be sold pursuant to the third sentence of this Section 19, exercise its option to purchase all of the Items of Equipment for the Purchase Price in the same manner, pursuant to the same procedures (other than the notice period) and with the same effect as if Lessee had exercised such option, pursuant to the first sentence of this Section 19, to purchase all of the Items of Equipment for the Purchase Price on the Lease Expiry Date, in which event Lessee shall pay on the Lease Expiry Date the amount set forth in Schedule E as provided in the third preceding sentence, and Lessee shall pay to Lessor an amount equal to the Selling Costs incurred in connection with Lessor's efforts to sell the Items of Equipment and all other amounts of Supplemental Rent then due to Lessor from Lessee and unpaid. If all of the Items of Equipment have not been sold and Lessee has not exercised its option to purchase all of the Items of Equipment pursuant to this Section 19 on or before the 180th day following the Lease Expiry Date, the provisions of this Section 19 shall continue to apply until such sale or option exercise, but Lessee shall pay Lessor on demand an amount equal to the Selling Costs incurred from time to time and all other amounts of Supplemental Rent due to Lessor from Lessee and unpaid from

time to time. Upon the exercise by Lessee of its option to purchase all of the Items of Equipment pursuant to this Section 19, Lessee shall pay to Lessor all amounts of Supplemental Rent then due to Lessor from Lessee and unpaid. The respective rights and obligations of Lessor and Lessee provided for under this Section 19 shall survive the termination of this Lease.

Section 20. General Indemnification and Waiver of Certain Claims

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

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

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

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

testing, manufacture, design, delivery, condition, repair, modification, servicing, rebuilding, performance, and fitness for use thereof;

(ii) the manufacture, design, sale, purchase, acceptance, rejection, delivery, condition, repair, modification, servicing, rebuilding, performance, non-delivery, sublease, merchantability, workmanship, fitness for use, substitution or replacement under the Lease, or other transfer of use or possession of, any Item of Equipment or Part, including, without limitation, latent and other defects, whether or not discoverable, and patent, trademark or copyright infringement;

(iii) any breach of or failure to perform or observe, or any other non-compliance with, any covenant or agreement to be performed, or other obligation of Lessee under any of the Operative Documents, or the falsity or inaccuracy of any representation or warranty of Lessee in any of the Operative Documents;

(iv) obligations incurred by an Indemnified Person, other than the Lenders and each of their Affiliates, directors, officers, employees, servants and agents, pursuant to Section 3.2(b), 3.6(c), 3.7, 3.8 (including, without limitation, obligations incurred under 3.7(d), 3.8(d) and 3.8(g) at the election of the Borrower upon direction of the Lessee pursuant to Section 20(k) or otherwise), 3.10 or Article 6 of the Loan Agreement, or payments made or to be made by an Indemnified Person of any U.S. Withholding Taxes (as defined in the Loan Agreement) in respect of payments made by Borrower to Agent under the Loan Agreement, provided that any payments made by Agent to Borrower pursuant to Section 3.8 of the Loan Agreement shall be paid promptly to Lessee;

(v) any loss, cost, expense or liability incurred by an Indemnified Person, other than the Lenders and each of their Affiliates, directors, officers, employees, servants or agents, (A) resulting from the termination, as a result of the termination of this Lease with respect to any Item of Equipment prior to the Lease Expiry Date of any Swap Agreement or (B) with respect to or as a result of its obligations under any Swap Agreement as a result of any failure of Lessee to pay Basic Rent on the date such Basic Rent is due;

(vi) Lessor having failed to receive payments in the amount of the scheduled payments provided for in the Swap Agreement in effect on the Closing Date on the dates scheduled for payment as provided for in such Swap Agreement; and

(vii) the Basic Termination Payment or Casualty Value Termination Payment paid with respect to any termination of the Lease, together with any

amount paid to Lessor under the Swap Agreement on or after the related Termination Date as a result of such termination, being less than the principal and accrued interest payable on the Loan on such Termination Date.

For the purposes of the preceding clause (vi), the amount payable to Lessor by Lessee under the preceding clause (vi) shall equal the excess, if any, of the amount of principal and interest due and payable to the Lenders on the Interest Payment Date on which such scheduled payment should have been received over the amount of dollar-denominated Basic Rent required to be paid by Lessee on such Date.

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

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

(ii) any Claim which is a Tax or a loss of Tax benefits, whether or not Lessee is required to indemnify therefor under Section 11 of the Participation Agreement other than any Claim described in clause (iv) of Section 20(c);

(iii) with respect to any particular Indemnified Person, any Claim attributable to the gross negligence or willful misconduct of such Indemnified Person;

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

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

(vi) with respect to any particular Indemnified Party, any Claim described solely in clause (iv) of Section 20(c) which is attributable to a Bank Event of Default pursuant to Section 5.1(a), (b), (c) or (d) of the Loan Agreement which is not related in any way to a default by Lessee hereunder or under any other Operative Document, or pursuant to Section 5.1(e) of the Loan Agreement as a result of a default by Lessor hereunder or under any other Operative Document.

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

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

(g) Subrogation. To the extent that a Claim indemnified by Lessee under this Section 20 is in fact paid in full by Lessee or an insurer, or both, under a policy of insurance maintained by Lessee pursuant to Section 11, Lessee or such insurer, or both, as the case may be shall be subrogated to the rights and remedies of the Indemnified Person on whose behalf such Claim was paid with respect to the transaction or event giving rise to such Claim. Should an Indemnified Person receive any refund, in whole or in part, with respect to any Claim paid by Lessee hereunder, it shall promptly pay the amount refunded (but not an amount in excess of the amount Lessee has paid in respect of such Claim) over to Lessee.

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

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

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

(k) Consultation. In the event Lessor receives a notice from any Lender under Section 3.7, 3.8 or 3.9 of the Loan Agreement relating to the imposition of an Increased Cost or U.S. Withholding Taxes, Lessor shall promptly inform Lessee of such notice and shall take such action in connection with the exercise of its rights under Section 3.7, 3.8 or 3.9 of the Loan Agreement, including, without limitation, requesting any affected Lender to transfer its interest in the Loan to another branch, office or affiliate of such Lender or to restructure the Loan Agreement, as Lessee may reasonably request. If a notice of acceleration is thereafter received by Lessor under Section 3.7 or 3.8 of the Loan Agreement, Lessor shall promptly inform Lessee of such notice and shall take such action in connection therewith as may be reasonably requested by Lessee, including electing to indemnify the affected Lender pursuant to Section 3.7 (d), 3.8(d) or 3.8(g) of the Loan Agreement, as applicable.

Section 21. Miscellaneous.

(a) Monies Received by Lessor. Any monies received by Lessor, in connection with the transactions contemplated hereby in excess of the amounts to which Lessor is entitled pursuant to the terms hereof or pursuant to the terms of the Participation Agreement shall immediately be paid over by Lessor to Lessee.

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

(c) General. All payments referred to herein shall be denominated in the currency designated for such payment pursuant to the relevant Schedule setting forth such payment or pursuant to the relevant section of this Lease or the other Operative Documents providing for such payment. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. No term or provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought and otherwise as provided in Section 19 of the Participation Agreement. The section and paragraph headings in this Lease and the table of contents are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof and all references herein to numbered sections, unless otherwise indicated, are to sections of this Lease. All representations and warranties made hereunder are made as of the Delivery Date.

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

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

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

such scheduled date and any such payment shall be in the same amount as if made on such scheduled date.

(g) Successors and Assigns. The terms and provisions of this Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and permitted assigns; provided that before any Person who is not a party to this Lease may make any claim for indemnification pursuant to Section 20 such Person must agree in writing reasonably satisfactory to Lessee to be bound by all of the provisions in Section 20 and to the extent he receives payments in excess of those to which he is entitled under Section 20, to immediately pay over such excess to Lessee.

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

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

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

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

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

(iii) An order, judgment or decree shall be entered in any proceeding before any court or agency of competent jurisdiction appointing, without the consent of Lessor or NBB, a receiver, trustee or

liquidator of Lessor or NBB, and any such order, judgment or decree or appointment shall remain in force, undismissed, unstayed or un-vacated, for a period of 90 days after the date of entry thereof; or

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

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

Section 23. Counterparts. This Agreement may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). Each counterpart of this Agreement, including a signature page executed by each of the parties hereto, shall be an original counterpart of this Agreement, but all of such counterparts together shall constitute one instrument.

Section 24. Chattel Paper. The parties hereto agree that certain rights, title and interest in and to this Lease and to the Items of Equipment covered hereby on the part of NBB Harrisburg Lease Co., Ltd. have been assigned to and are subject to a lien and security interest in favor of Barclays Bank PLC, as Agent, under the Mortgage, Assignment and Bank Security Agreement. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease may be created through the transfer or possession of any counterpart other than the original counterpart that contains the receipt therefor executed by Barclays Bank PLC, as Agent on or immediately following the signature page thereof.

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

Lessor:

NBB HARRISBURG LEASE CO., LTD.

By:_____
Name: Peter G. Turbott
Title: Attorney-in-fact

Lessee:

CONSOLIDATED RAIL CORPORATION

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

COMMONWEALTH OF PENNSYLVANIA:

SS

COUNTY OF PHILADELPHIA :

On this, the 30th day of June, 1990, before me, a notary public, personally appeared Peter G. Turbott, who acknowledged himself to be the Attorney-in-fact of NBB Harrisburg Lease Co., Ltd., and that he, as such Attorney-in-Fact, being duly empowered and authorized to do so, executed the within instrument for the purposes therein contained, by signing his name as such Attorney-in-Fact.

In witness whereof, I hereunto set my hand and official seal.

(NOTARIAL SEAL)

Notary Public

My Commission Expires:

NOTARIAL SEAL
LYNN A. McDONNELL, NOTARY PUBLIC
PHILADELPHIA, PHILADELPHIA COUNTY
MY COMMISSION EXPIRES OCT 26, 1992

Member, Pennsylvania Association of Notaries

COMMONWEALTH OF PENNSYLVANIA:

SS

COUNTY OF PHILADELPHIA :

On this, the 30th day of July, 1990, before me, a notary public, personally appeared Thomas J. McGraw, who acknowledged himself to be the Director-Financing of Consolidated Rail Corporation, and that he, as such Director-Financing being duly empowered and authorized to do so, executed the within instrument for the purposes therein contained, by signing his name as such Director-Financing.

In witness whereof, I hereunto set my hand and official seal.

(NOTARIAL SEAL)

Lynn A. McDowell
Notary Public

My Commission Expires:

NOTARIAL SEAL
LYNN A. McDOWELL, NOTARY PUBLIC
PHILADELPHIA, PHILADELPHIA COUNTY
MY COMMISSION EXPIRES OCT. 26, 1992

Member, Pennsylvania Association of Notaries

CONSOLIDATED RAIL CORPORATION
NBB HARRISBURG LEASE CO., LTD.
FINANCING OF TWENTY-FIVE GENERAL ELECTRIC DASH 8-40CW
DIESEL ELECTRIC LOCOMOTIVES

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

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person.

"Agent" means Barclays Bank PLC as Agent for the Lenders under the Loan Agreement and the other Operative Documents, and any successor Agent appointed pursuant to Section 8.7 of the Loan Agreement.

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

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

"Assignment Agreement" means the Assignment Agreement, dated as of July 31, 1990, between Lessee, as assignor, and Lessor, as assignee, including the Consent and Agreement annexed thereto, as such Assignment Agreement may hereafter be amended, modified or supplemented.

"Assumption Event" means the exercise by Lessee of its option to purchase the Items of Equipment pursuant to Section 9 of the Lease, if in connection with such purchase Lessee shall have assumed the obligations of Lessor for repayment of the Loan in accordance with Section 19 of the Participation Agreement.

"Bank Event of Default" means each of the events described in Section 5.1(a) through (g) of the Loan Agreement, subject to the provisions of such Section.

"Bank Security Agreement" means the Bank Security Agreement, dated as of July 31, 1990, between Borrower and Barclays Bank PLC, as Agent, providing for the grant by Borrower of a pledge of and security interest in the Collateral in favor of the Agent for the ratable benefit of the Lenders.

"Barclays" means Barclays Bank PLC, Tokyo Branch.

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

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

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

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

"Business Day" means any day excluding Saturday, Sunday and any other day which shall be in Philadelphia, Pennsylvania, Tokyo, Japan, London, England, or New York, New York a legal holiday or a day on which banking institutions are authorized by law or other governmental actions to close.

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

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

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

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

"Closing Date" means the date of the Closing.

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

"Collateral" shall have the meaning set forth in Section 2.1 of the Bank Security Agreement.

"Consent and Agreement" means the Consent and Agreement of the Manufacturer, dated as of July 31, 1990, annexed to the Assignment Agreement, as such Consent and Agreement may hereafter be amended, modified or supplemented.

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

"Custodian Agreement" means the Custodian Agreement, dated as of July 31, 1990, among the Custodian, Lessor and Lessee.

"Deficiency Payment" means the amount set forth in Schedule E to the Lease.

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

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

"Dollar Account" means the account of Lessor, account no. 358703 USDCURR2, with the Agent.

"Eurodollar Business Day" means any Business Day of the year on which dealings are carried on in the London interbank market and banks are open for business in London.

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

"Event of Loss" with respect to any property means any of the following events with respect to such property: (i) loss of the use of such property due to (x) theft or disappearance, or any other reason not covered elsewhere in this definition, for a period in excess of six months, (y) destruction, or (z) in the opinion of Lessee, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever; (ii) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss; (iii) the condemnation or requisition of title to such property by the

Government or any other governmental authority; (iv) as a result of any rule, regulation, order or other action by the ICC, the Department of Transportation or other governmental body of the United States of America or Canada having jurisdiction, the use of such property in the normal course of rail transportation shall have been prohibited for a period of six consecutive months, unless Lessee, prior to the expiration of such six-month period, shall have undertaken and shall be diligently carrying forward all steps which in its judgment are necessary or desirable to permit the normal use of such property by Lessee or, in any event, if such use shall have been prohibited for a period of 12 consecutive months; (v) the operation or location of such property, while under requisition for use by the Government, in any area excluded from coverage by any insurance policy in effect with respect to such property required by the terms of Section 11 of the Lease, if Lessee shall be unable to obtain indemnity in lieu thereof from the Government; or (vi) the confiscation, seizure or requisition of use of such property by the Government or any other governmental authority for a period in excess of 12 consecutive months or for a period continuing beyond the Term.

"Excepted Interests" means (i) any indemnity payments and interest thereon paid or payable to Lessor under any Operative Document which do not constitute Collateral, (ii) proceeds of public liability insurance in respect of the Items of Equipment paid or payable as a result of insurance claims made, or losses suffered by, the Lessor, (iii) proceeds of insurance maintained in respect of the Items of Equipment by or for the benefit of the Lessor and not required under Section 11 of the Lease, (iv) any amounts paid or payable in Yen under any Operative Document, (v) any amounts paid or payable to the Lessor under any Operative Document to reimburse the Lessor for expenses incurred by it in exercising its rights under, or performing or complying with any of the obligations of the Lessee under, any Operative Document, (vi) any payments or other amounts which would otherwise constitute Mortgaged Property or Collateral, which have been released from the Lien of the Mortgage or the Bank Security Agreement, as the case may be, (vii) the right to exercise inspection rights pursuant to Section 12 of the Lease, (viii) the right to approve as satisfactory any accountants, engineers, counsel, or other Persons to render services for or issue opinions to the Lessor pursuant to express provisions of the Operative Documents, (ix) the right as Lessor to seek specific performance of the covenants of the Lessee under the Lease relating to the protection, insurance and maintenance of the Items of Equipment and to maintain separate insurance with respect to the Items of Equipment pursuant to Section 11 of the Lease; (x) the right to demand, collect, sue for or otherwise receive and enforce the payment of any Excepted Interests; and (xi) the right to amend, settle or reduce the amount of any claim payable to Lessor as an Excepted Interest.

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

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

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

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

"Initial Storage Period" is defined in Section 5(d) of the Lease.

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

"Item of Equipment" means (i) each of the General Electric Dash 8-40CW diesel electric locomotives (or an improved model of the same Manufacturer) listed by Lessee's road numbers 6075 through 6099 inclusive in the Lease Supplement executed and delivered on the Delivery Date; (ii) any Replacement Item of Equipment which may from time to time be substituted, pursuant to Section 8(a) or 10(a) of the Lease, for an Item of Equipment leased under the Lease; and (iii) any and all Parts incorporated or installed in or attached to such Item of Equipment and any and all Parts removed from such Item of Equipment so long as title thereto shall remain vested in Lessor in accordance with the terms of Section 8 of the Lease after removal from the Item of Equipment. The term "Items of Equipment" also means, as of any date of determination, all Items of Equipment then leased under the Lease.

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

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

"Lease Agreement" or "Lease" means the Lease Agreement, dated as of July 31, 1990, between Lessor and Lessee, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

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

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

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

"Lease Supplement" means the Lease Supplement, substantially in the form of Exhibit A to the Lease, to be entered into between Lessor and Lessee on the Delivery Date for the purpose of leasing the Items of Equipment under and pursuant to the terms of the Lease, any amendment to the Lease Supplement and any subsequent Lease Supplement executed and delivered in connection with a Replacement Item of Equipment.

"Lenders" means (a) Barclays Bank PLC, a banking institution organized under the laws of England, acting through its branch in Tokyo, Japan, as long as such institution is registered pursuant to Section 7.11 of the Loan Agreement, and (b) any other Lender which is registered pursuant to Section 7.11 of the Loan Agreement, including, without limitation, Permitted Assigns.

"Lessee" means Consolidated Rail Corporation, a Pennsylvania corporation, and its successors and permitted assigns.

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

"Lessor" means NBB Harrisburg Lease Co., Ltd., a corporation organized under the laws of Japan, and its successors and permitted assigns.

"Lessor's Cost" for each Item of Equipment means an amount equal to $1,332,488.00.

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

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

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

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

"LIBOR Rate" for any Lease Period shall mean the average offered rate per annum for deposits in Dollars which appear on the Reuters Screen LIBO Page as of 11:00 a.m., London time, two Eurodollar Business Days before the first day of the applicable Lease Period for deposits of a duration equal to such Lease Period in an amount substantially equal to the aggregate principal amount of the Loan; provided, however, if fewer than two offered rates appear, the "LIBOR Rate" for any Lease Period shall mean the rate per annum for deposits in Dollars which

appears on the Telerate Page 3750 as of 11:00 a.m., London time, two Eurodollar Business Days before the first day of the applicable Lease Period for deposits of a duration equal to such Lease Period in an amount substantially equal to the aggregate principal amount of the Loan; further provided, if such rate does not appear on the Telerate Page 3750, the "LIBOR Rate" for any Lease Period shall mean the rate per annum at which deposits in Dollars are offered by the Agent to prime banks in the London interbank market, at 11:00 a.m., London time, two Eurodollar Business Days before the first day of the applicable Lease Period for deposits of a duration equal to such Lease Period in an amount substantially equal to the aggregate principal amount of the Loan..

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

"Loan" means the loan made by Lender to Borrower pursuant to the Loan Agreement in an amount equal to U.S. $26,649,760.00, which sum is 80% of the aggregate Lessor's Cost for all Items of Equipment, or the amount outstanding under the Loan Agreement at any time.

"Loan Agreement" means the Loan Agreement, dated as of July 31, 1990, between Borrower and Barclays Bank PLC, as Lender and as Agent, and all annexes, supplements and exhibits thereto, all as amended and supplemented from time to time pursuant to the Loan Agreement and Section 19 of the Participation Agreement.

"Loan Date" means the date upon which the Loan is made available to Borrower, which date shall be the Closing Date.

"Loan Guaranty" means the Loan Guaranty Agreement, dated as of July 31, 1990, between NBB and Barclays Bank PLC, as Agent, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Loan Payment Dates" means Lease Period Dates.

"Loan Payment Installment" means the amount of Dollars due and payable on the chronologically corresponding Loan Payment Date, as set forth on Schedule A to the Loan Agreement.

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

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

"Mortgage" means the Mortgage, Assignment and Security Agreement, dated as of July 31, 1990, between Lessor and Barclays Bank PLC, as Agent, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Mortgaged Property" shall have the meaning set forth in Section 2 of the Mortgage.

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

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

"NBB Guaranty" means the Guaranty Agreement, dated as of July 31, 1990, between NBB and Lessee, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

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

"Operative Document" means each of the Participation Agreement, the Lease, each Lease Supplement, the NBB Guaranty, the Loan Agreement, the Loan Guaranty, the Mortgage, the Bank Security Agreement, the Assignment Agreement, the Custodian Agreement, and the Bill of Sale.

"Overdue Rate" means (i) with respect to payments required to be made in U.S. Dollars or, if no currency is specified with respect to a payment, payments in fact made in U.S. Dollars, 10.66% per annum, and (ii) with respect to payments required to be made in Yen or, if no currency is specified with respect to a payment, payments in fact made in Yen, 7.42% per annum.

"Participation Agreement" means the Participation Agreement, dated as of July 31, 1990, among Lessee, Lessor and Barclays Bank PLC, as Lender and

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

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

"Payment Acknowledgment" shall have the meaning set forth in Section 9(e)(ii) of the Lease.

"Permitted Assign" shall have the meaning assigned to that term in Section 3.8 of the Loan Agreement.

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

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

"Post-Default Rate" means the rate otherwise applicable under the first sentence of Section 3.5(a) of the Loan Agreement plus 1%.

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

"Purchase Agreement" means the Purchase Agreement dated March 26, 1990 between the Manufacturer and Lessee, providing, among other things, for the manufacture and sale by the Manufacturer to Lessee of 50 General Electric Dash 8-40CW diesel electric locomotives, as such Purchase Agreement has been or may hereafter be amended, modified or supplemented.

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

"Rent" means Basic Rent and Supplemental Rent.

"Replacement Item of Equipment" means a General Electric Dash 8-40CW diesel electric locomotive (or an improved model of the same Manufacturer), which shall have been leased pursuant to clause (i) of Section 10(a) of the Lease, together with all Parts relating thereto.

"Required Lenders" means, at any time, Lenders to which more than 66 2/3% of the aggregate principal amount of the Loan is owed (excluding Lessor, Lessee and their respective Affiliates); provided, however, that "Required Lenders" shall mean all Lenders then participating in the Loan in the case of any amendment of or supplement to any of the Operative Documents or waiver or modification of the terms of, or consent under, any thereof, which shall (i) modify the definitions of an Event of Default or Bank Event of Default or the remedies available following the occurrence of any thereof, (ii) reduce the amount or change the time of payment of any of the principal of or interest due with respect to the Loan or alter or modify the provisions of the Loan Agreement with respect to distributions made by the Agent to each Lender, (iii) reduce, modify or amend any indemnities in favor of the Lenders, (iv) consent to any change in any Operative Document which would permit prepayment of the Loan earlier than permitted under the Loan Agreement as originally in effect, (v) except as contemplated by the Lease or any other Operative Document, reduce the amount or extend the time of payment of any amounts required to be paid in U.S. Dollars by Lessee under the Lease which are to be paid into the Dollar Account, or release the Lessee from its obligations in respect of such payments or alter the absolute or unconditional character of the obligations of the Lessee to make such payments as set forth in the Lease as originally in effect, or (vi) release any property included within the lien of the Mortgage or the Bank Security Agreement.

"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 it under the Loan Agreement and all other amounts from time to time due and payable by Borrower under the Loan Agreement, the Mortgage or the Bank Security Agreement.

"Security Period" means the period commencing on the Delivery Date and terminating on the date on which all Secured Obligations have been paid in full or the Loan has been assumed by Lessee pursuant to Section 19 of the Participation Agreement and any Secured Obligations not so assumed have been paid in full.

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

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

"Specified Exchange Rate" means the exchange rate of U.S. $1.00 equals 150.65 (Yen).

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

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

"Swap Agreement" means any interest rate swap agreement or similar arrangement acceptable to the Agent and the Lessee which is entered into by the Lessor and any Person on or after the Closing Date in connection with the transactions contemplated by the Operative Documents.

"Swap Party" means any Person acceptable to the Agent and the Lessee entering into a Swap Agreement with the Lessor.

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

"Tax Indemnitee" means Lessor and each Kumiai-in and each of their respective Affiliates, directors, officers, employees, servants, agents, successors and permitted assigns, and, solely for the purposes of Section 11(a) of the Participation Agreement and so much of Section 11(c) of the Participation Agreement as relates to Section 11(a) of the Participation Agreement, the term "Tax Indemnitee" also includes any Lender.

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

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

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

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

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

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

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

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

"U.S. Withholding Taxes" has the meaning ascribed thereto in Section 3.8 of the Loan Agreement.

"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.

"Unwind Events" has the meaning ascribed thereto in Section 9(e)(ii) of the Lease.

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

"Yen Account" means the account of Lessor, account no. 358703 JPYCURR1, with Barclays Bank PLC, Tokyo Branch.

Exhibit A
To
Lease

LEASE SUPPLEMENT NO. 1

Between

NBB HARRISBURG LEASE CO., LTD.,
as Lessor

and

CONSOLIDATED RAIL CORPORATION,
as Lessee

Twenty-five General Electric Dash 8-40CW
Diesel Electric Locomotives

Dated as of July 31, 1990

CERTAIN RIGHTS, TITLE AND INTEREST IN AND TO THIS LEASE SUPPLEMENT NO. 1 AND TO THE ITEMS OF EQUIPMENT COVERED HEREBY ON THE PART OF NBB HARRISBURG LEASE CO., LTD. HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF BARCLAYS BANK PLC, AS AGENT, UNDER A MORTGAGE, ASSIGNMENT AND SECURITY AGREEMENT AND A BANK SECURITY AGREEMENT, EACH DATED AS OF JULY 31, 1990. TO THE EXTENT, IF ANY, THAT THIS LEASE SUPPLEMENT NO. 1 CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE SUPPLEMENT NO. 1 MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY BARCLAYS BANK PLC, AS AGENT, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

EXHIBIT A
TO
LEASE

LEASE SUPPLEMENT NO. 1, dated July 31, 1990, between NBB HARRISBURG LEASE CO., LTD., a corporation formed under the laws of Japan ("Lessor"), and CONSOLIDATED RAIL CORPORATION, a Pennsylvania 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 July 31, 1990 (herein called the "Lease Agreement"). All capitalized terms used herein without definition shall have the meanings specified in Appendix X to the Lease. The Lease Agreement provides for the execution and delivery from time to time of Lease Supplements, each substantially in the form hereof for the purpose of leasing specific Items of Equipment under the Lease Agreement as and when delivered by Lessor to Lessee in accordance with the terms thereof.

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

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

1. Lessor hereby delivers and leases to Lessee under the Lease Agreement, and Lessee hereby accepts and leases from Lessor under the Lease Agreement twenty-five General Electric Dash 8-40CW Diesel Electric Locomotives, bearing Lessee's road numbers 6075 through 6099 inclusive.

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

3. Lessor's Cost for each Item of Equipment is $1,332,488.00 and the aggregate Lessor's Cost for all of the Items of Equipment is $33,312,200.00.

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

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

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

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

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

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

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

LESSOR

NBB HARRISBURG LEASE CO., LTD.

By:_____
Name: Peter G. Turbott
Title: Attorney-in-fact

LESSEE

CONSOLIDATED RAIL CORPORATION

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

EXHIBIT B
TO
LEASE

[FORM OF PAYMENT ACKNOWLEDGMENT]

NBB HARRISBURG LEASE CO., LTD.
1-12-11 Nihonbashi
Chuo-Ku, Tokyo 103
Japan

Attention: General Manager

Dear Sirs:

Reference is hereby made to the Lease Agreement, dated as of July 31, 1990 (the "Lease"), between NBB Harrisburg Lease Co., Ltd., as Lessor (the "Lessor"), and Consolidated Rail Corporation, as Lessee (the "Lessee"). Capitalized terms used herein without definition have the meanings specified therefor in Appendix X to the Lease.

1. The Lessee hereby confirms, acknowledges and agrees, pursuant to Section 9(e)(ii) of the Lease, to pay, subject to paragraph 2 hereof, to Lessor on July 31, 1994 the amount of Yen equal to $306,776.57, converted into Yen at the Specified Exchange Rate.

2. Notwithstanding the provisions of paragraph 1 hereof, if, after the date of delivery hereof, the Lessee shall deliver to the Lessor a written notice to the effect either that (a) the Lessee reasonably anticipates that it will become required by law to deduct or withhold any Taxes from any payment under paragraph 1 hereof, at a rate in excess of 10% or (b) the Lessee reasonably anticipates that it will become illegal for it to make the payment under paragraph 1 hereof, the Lessee may prepay, on the date set forth in such notice, in lieu of and in full satisfaction of its obligation to pay the amount that otherwise would have been payable under paragraph 1 hereof, an amount equal to the amount computed as provided above, discounted to such date of prepayment at the rate of 1% per annum.

Very truly yours,

CONSOLIDATED RAIL CORPORATION

By:_____
Title:

SCHEDULE 1
TO LEASE

IDENTIFICATION OF ITEMS OF EQUIPMENT

General Electric Dash 8-40CW Diesel Electric Locomotives numbered with Lessee's road numbers 6075 through 6099 inclusive.

SCHEDULE A
TO
LEASE

BASIC RENT PAYMENTS

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

SCHEDULE A
TO
LEASE

BASIC RENT PAYMENTS
(per Item of Equipment)

LEASE PERIOD DATE	U.S. DOLLAR AMOUNT (US$)	YEN AMOUNT (US$)
30-Sep-90	25,849.80	
31-Mar-91	76,278.09	
30-Sep-91	76,278.09	
31-Mar-92	76,278.09	
30-Sep-92	76,278.09	
31-Mar-93	76,278.09	
30-Sep-93	76,278.09	
31-Mar-94	76,278.09	
30-Sep-94	76,278.09	
31-Mar-95	76,278.09	
30-Sep-95	76,278.09	
31-Mar-96	76,278.09	
30-Sep-96	76,278.09	
31-Mar-97	76,278.09	
30-Sep-97	76,278.09	
31-Mar-98	76,278.09	
30-Sep-98	25,126.08	51,152.01
31-Mar-99	52,362.30	23,915.79
30-Sep-99	60,382.82	15,895.27
31-Mar-2000	58,389.35	17,888.74
30-Sep-2000	56,508.92	19,769.17
31-Mar-2001	54,728.37	21,549.72
30-Sep-2001	53,035.79	23,242.30
31-Mar-2002	51,420.38	24,857.71
30-Sep-2002	49,872.40	26,405.69
31-Mar-2003	48,382.98	27,895.11
30-Sep-2003	46,944.10	29,333.99
31-Mar-2004	45,552.14	30,725.95
31-Jul-2004	50,428.29	0

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS

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

Computation of Basic Termination Payment. The Basic Termination Payment with respect to each Item of Equipment with reference to any Termination Date shall be an amount, computed with reference to the Monthly Dates and U.S. Dollar amounts set forth in the table below, and equal to:

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

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

(iii) if the Termination Date occurs on a date (other than a Monthly Date or a Lease Period Date) in a month the last day of which is a Lease Period Date (a "Lease Period Month"), the amount obtained by (w) subtracting the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column 1 from the amount listed opposite the Monthly Date immediately following such Termination Date in Column 2, (x) dividing the difference computed in (w) above by 30, (y) multiplying the quotient computed in (x) above by the actual number of days elapsed from (but not including) the Monthly Date immediately

preceding such Termination Date to and including such Termination Date and (z) adding the product computed in (y) above to the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column 1; or

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

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
31-Aug-90	1,074,571.62	-
30-Sep-90	1,057,303.05	1,083,152.85
31-Oct-90	1,065,814.34	-
30-Nov-90	1,074,325.63	-
31-Dec-90	1,082,836.92	-
31-Jan-91	1,091,348.21	-
28-Feb-91	1,099,859.50	-
31-Mar-91	1,032,092.70	1,108,370.79
30-Apr-91	1,040,401.05	-
31-May-91	1,048,709.39	-
30-Jun-91	1,057,017.74	-
31-Jul-91	1,065,326.08	-
31-Aug-91	1,073,634.43	-
30-Sep-91	1,005,664.69	1,081,942.78
31-Oct-91	1,013,760.29	-
30-Nov-91	1,021,855.89	-
31-Dec-91	1,029,951.49	-
31-Jan-92	1,038,047.09	-
29-Feb-92	1,046,142.69	-
31-Mar-92	977,960.20	1,054,238.29
30-Apr-92	985,832.78	-
31-May-92	993,705.36	-
30-Jun-92	1,001,577.94	-
31-Jul-92	1,009,450.52	-
31-Aug-92	1,017,323.10	-
30-Sep-92	948,917.59	1,025,195.68
31-Oct-92	956,556.38	-
30-Nov-92	964,195.16	-
31-Dec-92	971,833.95	-
31-Jan-93	979,472.74	-
28-Feb-93	987,111.52	-
31-Mar-93	918,472.22	994,750.31
30-Apr-93	925,865.92	-
31-May-93	933,259.62	-
30-Jun-93	940,653.32	-
31-Jul-93	948,047.03	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
31-Aug-93	955,440.73	-
30-Sep-93	886,556.34	962,834.43
31-Oct-93	893,693.12	-
30-Nov-93	900,829.90	-
31-Dec-93	907,966.68	-
31-Jan-94	915,103.45	-
28-Feb-94	922,240.23	-
31-Mar-94	853,098.92	929,377.01
30-Apr-94	859,966.37	-
31-May-94	866,833.81	-
30-Jun-94	873,701.26	-
31-Jul-94	880,568.71	-
31-Aug-94	887,436.15	-
30-Sep-94	818,025.51	894,303.60
31-Oct-94	824,610.62	-
30-Nov-94	831,195.72	-
31-Dec-94	837,780.83	-
31-Jan-95	844,365.93	-
28-Feb-95	850,951.04	-
31-Mar-95	781,258.05	857,536.14
30-Apr-95	787,547.18	-
31-May-95	793,836.30	-
30-Jun-95	800,125.43	-
31-Jul-95	806,414.56	-
31-Aug-95	812,703.69	-
30-Sep-95	742,714.72	818,992.81
31-Oct-95	748,693.57	-
30-Nov-95	754,672.43	-
31-Dec-95	760,651.28	-
31-Jan-96	766,630.13	-
29-Feb-96	772,608.99	-
31-Mar-96	702,309.75	778,587,84
30-Apr-96	707,963.34	-
31-May-96	713,616.94	-
30-Jun-96	719,270.53	-
31-Jul-96	724,924.12	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
31-Aug-96	730,577.72	-
30-Sep-96	659,953.22	736,231.31
31-Oct-96	665,265.84	-
30-Nov-96	670,578.47	-
31-Dec-96	675,891.09	-
31-Jan-97	681,203.71	-
28-Feb-97	686,516.34	-
31-Mar-97	615,550.87	691,828.96
30-Apr-97	620,506.05	-
31-May-97	625,461.24	-
30-Jun-97	630,416.42	-
31-Jul-97	635,371.61	-
31-Aug-97	640,326.79	-
30-Sep-97	569,003.89	645,281.98
31-Oct-97	573,584.37	-
30-Nov-97	578,164.85	-
31-Dec-97	582,745.33	-
31-Jan-98	587,325.82	-
28-Feb-98	591,906.30	-
31-Mar-98	520,208.69	596,486.78
30-Apr-98	524,396.37	-
31-May-98	528,584.05	-
30-Jun-98	532,771.73	-
31-Jul-98	536,959.41	-
31-Aug-98	541,147.09	-
30-Sep-98	520,208.69	545,334.77
31-Oct-98	524,396.37	-
30-Nov-98	528,584.05	-
31-Dec-98	532,771.73	-
31-Jan-99	536,959.41	-
28-Feb-99	541,147.09	-
31-Mar-99	492,972.47	545,334.77
30-Apr-99	496,940.90	-
31-May-99	500,909.33	-
30-Jun-99	504,877.76	-
31-Jul-99	508,846.18	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
31-Aug-99	512,814.61	-
30-Sep-99	456,400.22	516,783.04
31-Oct-99	460,074.24	-
30-Nov-99	463,748.26	-
31-Dec-99	467,422.29	-
31-Jan-2000	471,096.31	-
29-Feb-2000	474,770.33	-
31-Mar-2000	420,055.00	478,444.35
30-Apr-2000	423,436.44	-
31-May-2000	426,817.89	-
30-Jun-2000	430,199.33	-
31-Jul-2000	433,580.77	-
31-Aug-2000	436,962.21	-
30-Sep-2000	383,834.74	440,343.66
31-Oct-2000	386,924.61	-
30-Nov-2000	390,014.48	-
31-Dec-2000	393,104.35	-
31-Jan-2001	396,194.22	-
28-Feb-2001	399,284.09	-
31-Mar-2001	347,645.59	402,373.96
30-Apr-2001	350,444.14	-
31-May-2001	353,242.68	-
30-Jun-2001	356,041.23	-
31-Jul-2001	358,839.78	-
31-Aug-2001	361,638.32	-
30-Sep-2001	311,401.08	364,436.87
31-Oct-2001	313,907.86	-
30-Nov-2001	316,414.64	-
31-Dec-2001	318,921.42	-
31-Jan-2002	321,428.19	-
28-Feb-2002	323,934.97	-
31-Mar-2002	275,021.37	326,441.75
30-Apr-2002	277,235.29	-
31-May-2002	279,449.21	-
30-Jun-2002	281,663.14	-
31-Jul-2002	283,877.06	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
31-Aug-2002	286,090.98	-
30-Sep-2002	238,432.50	288,304.90
31-Oct-2002	240,351.88	-
30-Nov-2002	242,271.26	-
31-Dec-2002	244,190.64	-
31-Jan-2003	246,110.03	-
28-Feb-2003	248,029.41	-
31-Mar-2003	201,565.81	249,948.79
30-Apr-2003	203,188.41	-
31-May-2003	204,811.02	-
30-Jun-2003	206,433.62	-
31-Jul-2003	208,056.23	-
31-Aug-2003	209,678.83	-
30-Sep-2003	164,357.34	211,301.44
31-Oct-2003	165,680.42	-
30-Nov-2003	167,003.49	-
31-Dec-2003	168,326.57	-
31-Jan-2004	169,649.65	-
29-Feb-2004	170,972.72	-
31-Mar-2004	126,743.66	172,295.80
30-Apr-2004	127,763.95	-
31-May-2004	128,784.23	-
30-Jun-2004	129,804.52	-
31-Jul-2004	80,396.52	130,824.81

SCHEDULE C
TO
LEASE

CASUALTY VALUE TERMINATION PAYMENTS

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

SCHEDULE D
TO
LEASE

SPECIAL TERMINATION PAYMENTS

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

(a) any termination effected pursuant to Section 9(a), 9(b), 9(c) (where the illegality arises under the laws of a jurisdiction other than Japan), 9(d)(ii) (where Agent accelerates payment of the Loan as a result of the occurrence of an event described in Section 5.1 of the Loan Agreement that results from the breach by Lessee of any of its obligations under any of the Operative Documents), 9(d)(v) or 9(d)(vi) (where the event giving rise to such termination occurs under the laws of a jurisdiction other than Japan), 10 or 15 shall be referred to as a "Column A Termination";

(b) any termination effected pursuant to Section 9(d)(ii)(other than in the circumstances described in the preceding paragraph (a)), 9(d)(iii) or 9(d)(vi) (where the event giving rise to such termination occurs under the laws of Japan) shall be referred to as a "Column B Termination";

(c) any termination effected pursuant to Section 9(c) (where the illegality arises under the laws of Japan), 9(d)(i) or 9(d)(iv) shall be referred to as a "Column C Termination".

Calculation of Special Termination Payment. In the event of a termination of the Lease pursuant to Section 9 or 15 with respect to all of the Items of Equipment or a termination of the Lease with respect to one or more Items of Equipment pursuant to Section 10, the Special Termination Payment with respect to each such Item of Equipment due and payable to Lessor as of the relevant Termination Date, shall be an amount, computed with reference to the Monthly Dates and Yen amounts (calculated by converting the U.S. Dollar amounts listed below into Yen at the Specified Exchange Rate) set forth with respect to a Column A Termination, in Column A of the table

below, with respect to a Column B Termination, in Column B of the table below, or with respect to a Column C Termination, in Column C of the table below, and equal to:

(a) Column A Termination.

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

(ii) if the Termination Date occurs on a date which is not a Lease Period Date, in a month the last day of which is a Lease Period Date, the amount listed opposite the Monthly Date immediately following such Termination Date in Column A2;

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

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

(b) Column B Termination.

(i) If the Termination Date occurs on or before July 31, 1994 $306,776.57;

(ii) If the Termination Date occurs after July 31, 1994 and on or before March 31, 1999:

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

(B) if the Termination Date occurs on a Monthly Date and such date is a Lease Period Date, the amount listed in Column B2 opposite such date;

(C) if the Termination Date occurs on a date (other than a Monthly Date or a Lease Period Date) in a Lease Period Month, the amount obtained by (w) subtracting the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column B1 from the amount listed opposite the Monthly Date

immediately following such Termination Date in Column B2, (x) dividing the difference computed in (w) above by 30, (y) multiplying the quotient computed in (x) above by the actual number of days elapsed from (but not including) the Monthly Date immediately preceding such Termination Date to and including such Termination Date and (z) adding the product computed in (y) above to the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column B1; or

(D) if the Termination Date occurs on a date other than a Monthly Date, a Lease Period Date or a date specified in the preceding clause (C), the amount obtained by (w) subtracting the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column B1 from the amount listed opposite the Monthly Date immediately following such Termination Date in Column B1, (x) dividing the difference computed in (w) above by 30, (y) multiplying the quotient computed in (x) above by the actual number of days elapsed from (but not including) the Monthly Date immediately preceding the Termination Date to and including the Termination Date and (z) adding the product computed in (y) above to the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column B1.

(iii) If the Termination Date occurs after March 31, 1999:

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

(B) if the Termination Date occurs on a date which is not a Lease Period Date, in a month the last day of which is a Lease Period Date, the amount listed opposite the Monthly Date immediately following such Termination Date in Column B2;

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

(D) if the Termination Date occurs on a date other than a date specified in clause (A), (B) or (C) above, the amount listed opposite the Monthly Date immediately following such Termination Date in Column B1.

(c) Column C Termination.

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

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

(iii) if the Termination Date occurs on a date other than a date specified in (i) or (ii) above, the amount obtained by (w) multiplying the amount listed in Column C1 opposite the preceding Lease Period Date by the actual number of days elapsed from but not including the preceding Lease Period Date to and including such Termination Date, (x) multiplying the products computed in (w) by 0.0642, (y) dividing the product computed in (x) by 365, and (z) adding the quotient, computed in (y) to the amount listed in Column C1 opposite the preceding Lease Period Rate.

SCHEDULE D
TO
LEASE

SPECIAL TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	A2 (US$)	COLUMN B TERMINATION B1 (US$)	B2 (US$)	COLUMN C TERMINATION C1 (US$)	C2 (US$)
31-Aug-90	305,887.73	-	306,776.57	-	180,911.89	-
30-Sep-90	307,984.30	307,984.30	306,776.57	306,776.57	181,861.33	181,861.33
31-Oct-90	308,969.84	-	306,776.57	-	182,852.95	-
30-Nov-90	311,066.47	-	306,776.57	-	183,812.58	-
31-Dec-90	313,063.63	-	306,776.57	-	184,804.19	-
31-Jan-91	315,076.58	-	306,776.57	-	185,795.81	-
28-Feb-91	317,104.78	-	306,776.57	-	186,691.47	-
31-Mar-91	319,148.38	319,148.38	306,776.57	306,776.57	187,683.08	187,683.08
30-Apr-91	318,443.79	-	306,776.57	-	188,673.43	-
31-May-91	320,479.61	-	306,776.57	-	189,696.79	-
30-Jun-91	322,398.20	-	306,776.57	-	190,687.14	-
31-Jul-91	324,331.01	-	306,776.57	-	191,710.50	-
31-Aug-91	326,278.19	-	306,776.57	-	192,733.87	-
30-Sep-91	328,239.88	328,239.88	306,776.57	306,776.57	193,724.22	193,724.22
31-Oct-91	326,409.28	-	306,776.57	-	194,780.52	-
30-Nov-91	328,358.16	-	306,776.57	-	195,802.74	-
31-Dec-91	330,207.16	-	306,776.57	-	196,859.05	-
31-Jan-92	332,069.61	-	306,776.57	-	197,915.35	-
29-Feb-92	333,945.29	-	306,776.57	-	198,903.50	-
31-Mar-92	335,835.23	335,835.23	306,776.57	306,776.57	199,959.80	199,959.80
30-Apr-92	332,638.53	-	306,776.57	-	201,014.93	-
31-May-92	334,508.94	-	306,776.57	-	202,105.23	-
30-Jun-92	336,294.74	-	306,776.57	-	203,160.36	-
31-Jul-92	338,093.28	-	306,776.57	-	204,250.66	-
31-Aug-92	339,904.67	-	306,776.57	-	205,340.97	-
30-Sep-92	341,729.02	341,729.02	306,776.57	306,776.57	206,396.10	206,396.10
31-Oct-92	337,789.83	-	306,776.57	-	207,521.49	-
30-Nov-92	339,591.73	-	306,776.57	-	208,610.58	-
31-Dec-92	341,323.68	-	306,776.57	-	209,735.98	-
31-Jan-93	343,067.77	-	306,776.57	-	210,861.38	-
28-Feb-93	344,824.38	-	306,776.57	-	211,877.86	-
31-Mar-93	346,592.70	346,592.70	306,776.57	306,776.57	213,003.26	213,003.26
30-Apr-93	341,640.60	-	306,776.57	-	214,127.22	-
31-May-93	343,381.97	-	306,776.57	-	215,288.64	-
30-Jun-93	345,066.26	-	306,776.57	-	216,412.59	-
31-Jul-93	346,762.15	-	306,776.57	-	217,574.02	-
31-Aug-93	348,469.77	-	306,776.57	-	218,735.44	-
30-Sep-93	350,189.21	350,189.21	306,776.57	306,776.57	219,859.40	219,859.40

SCHEDULE D
TO
LEASE

SPECIAL TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	A2 (US$)	COLUMN B TERMINATION B1 (US$)	B2 (US$)	COLUMN C TERMINATION C1 (US$)	C2 (US$)
31-Oct-93	344,786.55	-	306,776.57	-	221,058.20	-
30-Nov-93	346,476.85	-	306,776.57	-	222,218.34	-
31-Dec-93	348,122.59	-	306,776.57	-	223,417.14	-
31-Jan-94	349,779.61	-	306,776.57	-	224,615.95	-
28-Feb-94	351,447.53	-	306,776.57	-	225,698.74	-
31-Mar-94	353,127.32	353,127.32	306,776.57	306,776.57	226,897.55	226,897.55
30-Apr-94	347,010.94	-	306,776.57	-	228,094.82	-
31-May-94	348,657.91	-	306,776.57	-	229,332.00	-
30-Jun-94	350,271.31	-	306,776.57	-	230,529.28	-
31-Jul-94	351,895.55	-	306,776.57	-	231,766.46	-
31-Aug-94	353,530.74	-	307,684.12	-	233,003.64	-
30-Sep-94	355,176.96	355,176.96	308,594.35	308,594.35	234,200.91	234,200.91
31-Oct-94	348,852.93	-	309,507.28	-	235,477.92	-
30-Nov-94	350,465.80	-	310,422.90	-	236,713.73	-
31-Dec-94	352,055.97	-	311,341.24	-	237,990.73	-
31-Jan-95	353,656.72	-	312,262.29	-	239,267.74	-
28-Feb-95	355,267.98	-	313,186.06	-	240,421.16	-
31-Mar-95	356,890.54	356,890.54	314,112.57	314,112.57	241,698.17	241,698.17
30-Apr-95	350,108.81	-	315,041.82	-	242,973.54	-
31-May-95	351,695.31	-	315,973.82	-	244,291.42	-
30-Jun-95	353,268.66	-	316,908.58	-	245,566.79	-
31-Jul-95	354,852.41	-	317,846.10	-	246,884.68	-
31-Aug-95	356,446.66	-	318,786.39	-	248,202.56	-
30-Sep-95	358,051.51	358,051.51	319,729.47	319,729.47	249,477.93	249,477.93
31-Oct-95	351,266.14	-	320,675.34	-	250,838.24	-
30-Nov-95	352,835.50	-	321,624.00	-	252,154.66	-
31-Dec-95	354,401.29	-	322,575.47	-	253,514.96	-
31-Jan-96	355,977.21	-	323,529.76	-	254,875.27	-
29-Feb-96	357,564.11	-	324,486.87	-	256,147.81	-
31-Mar-96	359,161.01	359,161.01	325,446.81	325,446.81	257,508.11	257,508.11
30-Apr-96	352,140.27	-	326,409.59	-	258,866.91	-
31-May-96	353,700.44	-	327,375.21	-	260,271.00	-
30-Jun-96	355,265.51	-	328,343.70	-	261,629.80	-
31-Jul-96	356,840.87	-	329,315.05	-	263,033.89	-
31-Aug-96	358,426.62	-	330,289.27	-	264,437.98	-
30-Sep-96	360,022.86	360,022.86	331,266.38	331,266.38	265,796.77	265,796.77
31-Oct-96	353,171.19	-	332,246.38	-	267,246.06	-
30-Nov-96	354,731.46	-	333,229.27	-	268,648.59	-

SCHEDULE D
TO
LEASE

SPECIAL TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	A2 (US$)	COLUMN B TERMINATION B1 (US$)	B2 (US$)	COLUMN C TERMINATION C1 (US$)	C2 (US$)
31-Dec-96	356,305.27	-	334,215.07	-	270,097.87	-
31-Jan-97	357,889.98	-	335,203.79	-	271,547.16	-
28-Feb-97	359,484.66	-	336,195.44	-	272,856.19	-
31-Mar-97	361,089.94	361,089.94	337,190.02	337,190.02	274,305.47	274,305.47
30-Apr-97	354,198.62	-	338,187.54	-	275,752.90	-
31-May-97	355,767.61	-	339,188.01	-	277,248.58	-
30-Jun-97	357,357.82	-	340,191.44	-	278,696.01	-
31-Jul-97	358,958.54	-	341,197.84	-	280,191.69	-
31-Aug-97	360,569.87	-	342,207.22	-	281,687.37	-
30-Sep-97	362,191.91	362,191.91	343,219.58	343,219.58	283,134.80	283,134.80
31-Oct-97	355,618.34	-	344,234.94	-	284,678.62	-
30-Nov-97	357,205.64	-	345,253.30	-	286,172.64	-
31-Dec-97	358,822.16	-	346,274.67	-	287,716.47	-
31-Jan-98	360,449.43	-	347,299.07	-	289,260.29	-
28-Feb-98	362,087.57	-	348,326.50	-	290,654.71	-
31-Mar-98	363,736.66	363,736.66	349,356.96	349,356.96	292,198.53	292,198.53
30-Apr-98	357,298.43	-	350,390.48	-	293,740.38	-
31-May-98	358,913.16	-	351,427.05	-	295,333.62	-
30-Jun-98	360,564.24	-	352,466.69	-	296,875.47	-
31-Jul-98	362,226.38	-	353,509.40	-	298,468.71	-
31-Aug-98	363,899.69	-	354,555.20	-	300,061.95	-
30-Sep-98	314,432.26	365,584.27	304,452.08	355,604.09	250,451.79	301,603.80
31-Oct-98	308,101.40	-	305,352.75	-	251,817.40	-
30-Nov-98	309,411.44	-	306,256.09	-	253,138.96	-
31-Dec-98	310,755.20	-	307,162.09	-	254,504.58	-
31-Jan-99	312,107.72	-	308,070.78	-	255,870.19	-
28-Feb-99	313,469.08	-	308,982.16	-	257,103.65	-
31-Mar-99	290,923.58	314,839.37	285,980.44	309,896.23	234,553.48	258,469.27
30-Apr-99	284,737.36	-	284,737.36	-	235,791.15	-
31-May-99	285,948.09	-	285,948.09	-	237,070.07	-
30-Jun-99	287,166.60	-	287,166.60	-	238,307.74	-
31-Jul-99	288,392.99	-	288,392.99	-	239,586.67	-
31-Aug-99	289,627.31	-	289,627.31	-	240,865.60	-
30-Sep-99	274,974.37	290,869.64	274,974.37	290,869.64	226,208.00	242,103.27
31-Oct-99	269,219.37	-	269,219.37	-	227,441.42	-
30-Nov-99	270,364.10	-	270,364.10	-	228,635.06	-
31-Dec-99	271,516.49	-	271,516.49	-	229,868.48	-
31-Jan-2000	272,676.31	-	272,676.31	-	231,101.90	-

SCHEDULE D
TO
LEASE

SPECIAL TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	COLUMN A TERMINATION A2 (US$)	COLUMN B TERMINATION B1 (US$)	COLUMN B TERMINATION B2 (US$)	COLUMN C TERMINATION C1 (US$)	COLUMN C TERMINATION C2 (US$)
29-Feb-2000	273,843.64	-	273,843.64	-	232,255.75	-
31-Mar-2000	257,129.88	275,018.62	257,129.88	275,018.62	215,600.43	233,489.17
30-Apr-2000	251,665.61	-	251,665.61	-	216,738.09	-
31-May-2000	252,735.71	-	252,735.71	-	217,913.68	-
30-Jun-2000	253,812.70	-	253,812.70	-	219,051.34	-
31-Jul-2000	254,896.64	-	254,896.64	-	220,226.92	-
31-Aug-2000	255,987.59	-	255,987.59	-	221,402.50	-
30-Sep-2000	237,316.46	257,085.63	237,316.46	257,085.63	202,771.00	222,540.17
31-Oct-2000	232,345.64	-	232,345.64	-	203,876.62	-
30-Nov-2000	233,333.59	-	233,333.59	-	204,946.59	-
31-Dec-2000	234,328.16	-	234,328.16	-	206,052.22	-
31-Jan-2001	235,329.16	-	235,329.16	-	207,157.85	-
28-Feb-2001	236,336.65	-	236,336.65	-	208,156.48	-
31-Mar-2001	215,800.86	237,350.58	215,800.86	237,350.58	187,712.39	209,262.11
30-Apr-2001	211,217.82	-	211,217.82	-	188,702.90	-
31-May-2001	212,115.94	-	212,115.94	-	189,726.42	-
30-Jun-2001	213,019.83	-	213,019.83	-	190,716.92	-
31-Jul-2001	213,929.56	-	213,929.56	-	191,740.44	-
31-Aug-2001	214,845.18	-	214,845.18	-	192,763.96	-
30-Sep-2001	192,524.44	215,766.74	192,524.44	215,766.74	170,512.17	193,754.47
31-Oct-2001	188,488.04	-	188,488.04	-	171,441.90	-
30-Nov-2001	189,289.50	-	189,289.50	-	172,341.65	-
31-Dec-2001	190,096.37	-	190,096.37	-	173,271.38	-
31-Jan-2002	190,908.50	-	190,908.50	-	174,201.12	-
28-Feb-2002	191,725.71	-	191,725.71	-	175,040.88	-
31-Mar-2002	167,690.68	192,548.39	167,690.68	192,548.39	151,112.90	175,970.61
30-Apr-2002	164,131.89	-	164,131.89	-	151,910.28	-
31-May-2002	164,829.79	-	164,829.79	-	152,734.24	-
30-Jun-2002	165,532.18	-	165,532.18	-	153,531.62	-
31-Jul-2002	166,239.11	-	166,239.11	-	154,355.58	-
31-Aug-2002	166,950.61	-	166,950.61	-	155,179.54	-
30-Sep-2002	141,261.04	167,666.73	141,261.04	167,666.73	129,571.23	155,976.92
31-Oct-2002	138,295.41	-	138,295.41	-	130,277.73	-
30-Nov-2002	138,883.50	-	138,883.50	-	130,961.44	-
31-Dec-2002	139,475.39	-	139,475.39	-	131,667.94	-
31-Jan-2003	140,071.28	-	140,071.28	-	132,374.44	-
28-Feb-2003	140,671.00	-	140,671.00	-	133,012.57	-
31-Mar-2003	113,379.49	141,274.60	113,379.49	141,274.60	105,823.96	133,719.07

SCHEDULE D
TO
LEASE

SPECIAL TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	COLUMN A TERMINATION A2 (US$)	COLUMN B TERMINATION B1 (US$)	COLUMN B TERMINATION B2 (US$)	COLUMN C TERMINATION C1 (US$)	COLUMN C TERMINATION C2 (US$)
30-Apr-2003	110,975.89	-	110,975.89	-	106,382.36	-
31-May-2003	111,447.77	-	111,447.77	-	106,959.38	-
30-Jun-2003	111,922.69	-	111,922.69	-	107,517.78	-
31-Jul-2003	112,400.67	-	112,400.67	-	108,094.79	-
31-Aug-2003	112,881.74	-	112,881.74	-	108,671.81	-
30-Sep-2003	84,031.95	113,365.94	84,031.95	113,365.94	79,896.22	109,230.21
31-Oct-2003	82,263.15	-	82,263.15	-	80,331.87	-
30-Nov-2003	82,612.95	-	82,612.95	-	80,753.45	-
31-Dec-2003	82,965.06	-	82,965.06	-	81,189.10	-
31-Jan-2004	83,319.45	-	83,319.45	-	81,624.74	-
29-Feb-2004	83,676.14	-	83,676.14	-	82,032.28	-
31-Mar-2004	53,309.17	84,035.12	53,309.17	84,035.12	51,741.97	82,467.92
30-Apr-2004	52,182.17	-	52,182.17	-	52,015.00	-
31-May-2004	52,404.06	-	52,404.06	-	52,297.12	-
30-Jun-2004	52,627.37	-	52,627.37	-	52,570.15	-
31-Jul-2004	52,852.28	52,852.28	52,852.28	52,852.28	52,852.28	52,852.28

SCHEDULE E
TO
LEASE

PURCHASE PRICE

The Purchase Price or the Deficiency Payment per Item of Equipment payable pursuant to Section 19 of the Lease shall be (a) the amount of U.S. Dollars 803,965.20 plus (b) the amount of Yen equal to U.S. Dollars 528,522.80 converted into Yen at the Specified Exchange Rate.