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September 21, 1990

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

Re: Lease of Locomotives from NBB St. Louis Lease Co., Ltd. to Union Pacific Railroad Company

Dear Mr. Strickland:

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

The enclosed primary documents are:

(1) Lease Agreement, dated as of September 21, 1990, between NBB St. Louis Lease Co., Ltd., as lessor, and Union Pacific Railroad Company, as lessee.

(2) Mortgage, Assignment and Security Agreement, dated as of September 21, 1990, between NBB St. Louis Lease Co., Ltd., as mortgagor, and The Sumitomo Bank, Limited, New York Branch, as mortgagee.

Thomas J. Woodford

Counterparts

(3) Lessor Security Agreement, dated as of September 21, 1990 between NBB St. Louis Lease Co., Ltd., as debtor, and Union Pacific Railroad Company, as secured party.

The enclosed secondary documents are:

(1) Lease Supplement No. 1, dated as of September 21, 1990, between NBB St. Louis Lease Co., Ltd., as lessor, and Union Pacific Railroad Company, 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 September 21, 1990, between Union Pacific Railroad Company, as assignor, and NBB St. Louis Lease Co., Ltd., as assignee. The primary document to which this Assignment Agreement is connected is being submitted for recording concurrently herewith.

(3) Bank Security Agreement, dated as of September 21, 1990, between NBB St. Louis Lease Co., Ltd., as debtor, and The Sumitomo Bank, Limited, New York 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 St. Louis Lease Co., Ltd.
1-12-11 Nihonbashi, Chuo-ku
Tokyo 103, Japan

Lessee:
Union Pacific Railroad Company
Martin Tower
Eighth and Eaton Avenues
Bethlehem, PA 18018

Lease Supplement

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

Lessee:
Union Pacific Railroad Company
Martin Tower
Eighth and Eaton Avenues
Bethlehem, PA 18018

Assignment Agreement

Assignor:
Union Pacific Railroad Company
Martin Tower
Eighth and Eaton Avenues
Bethlehem, PA 18018

Assignee:
NBB St. Louis Lease Co., Ltd.
1-12-11 Nihonbashi, Chuo-ku
Tokyo 103, Japan

Mortgage, Assignment and Security Agreement

Mortgagor:
NBB St. Louis Lease Co., Ltd.
1-12-11 Nihonbashi, Chuo-ku
Tokyo 103, Japan

Mortgagee:
The Sumitomo Bank, Limited
New York Branch
One World Trade Center
Suite 9549
New York, NY 10048

Bank Security Agreement

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

Secured Party:
The Sumitomo Bank, Limited
New York Branch
One World Trade Center
Suite 9549
New York, NY 10048

Lessor Security Agreement

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

Secured Party:
Union Pacific Railroad Company
Martin Tower
Eighth and Eaton Avenues
Bethlehem, PA 18018

Included in the property covered by the Lessor Security Agreement are twenty (20) General Electric Dash 8-40C diesel electric locomotives and all additions, alterations and modifications thereto or replacements thereof, subject to the Mortgage, Assignment and Security Agreement, dated as of September 21, 1990, between NBB St. Louis Lease Co., Ltd. as mortgagor, and The Sumitomo Bank, Limited, New York Branch, as mortgagee.

A fee of Ninety Dollars ($90.00) 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, dated as of September 21, 1990 between NBB St. Louis Lease Co., Ltd., as lessor, 1-12-11 Nihonbashi, Chuo-ku, Tokyo 103, Japan and Union Pacific Railroad Company, as lessee, Martin Tower, Eighth and Eaton Avenues, Bethlehem, PA 18018, covering twenty (20) General Electric Dash 8-40C diesel electric locomotives bearing road numbers 9380 through 9395 inclusive, and 9402 through 9405, inclusive.

2) Lease Supplement No. 1:
Lease Supplement No. 1, dated as of September 21, 1990 between NBB St. Louis Lease Co., Ltd., as lessor, and having its principal office at 1-12-11 Nihonbashi, Chuo-ku, Tokyo 103, Japan and Union Pacific Railroad Company, as lessee, Martin Tower, Eighth and Eaton Avenues, Bethlehem, PA 18018, covering twenty

(20) General Electric Dash 8-40C diesel electric locomotives bearing road numbers 9380 through 9395 inclusive, and 9402 through 9405, inclusive.

3) Assignment Agreement:
Assignment Agreement, dated as of September 21, 1990, between Union Pacific Railroad Company, as assignor, Martin Tower, Eighth and Eaton Avenues, Bethlehem, PA 18018 and NBB St. Louis Lease Co., Ltd., assignee, 1-12-11 Nihonbashi, Chuo-ku, Tokyo 103, Japan, relating to the purchase of twenty (20) General Electric Dash 8-40C diesel electric locomotives bearing road numbers 9380 through 9395 inclusive, and 9402 through 9405, inclusive.

4) Mortgage, Assignment and Security Agreement:
Mortgage, Assignment and Security Agreement, dated as of September 21, 1990, between NBB St. Louis Lease Co., Ltd., as mortgagor, 1-12-11 Nihonbashi, Chuo-ku Tokyo 103, Japan and The Sumitomo Bank, Limited, New York Branch, One World Trade Center, Suite 9549, New York, NY 10048, securing Mortgagor's obligations relating to twenty (20) General Electric Dash 8-40C diesel electric locomotives.

5) Bank Security Agreement:
Bank Security Agreement, dated as of September 21, 1990, between NBB St. Louis Lease Co., Ltd., as debtor, 1-12-11 Nihonbashi, Chuo-ku Tokyo 103, Japan and The Sumitomo Bank, Limited, New York Branch, One World Trade Center, Suite 9549, New York, NY 10048, securing debtor's obligations relating to twenty (20) General Electric Dash 8-40C diesel electric locomotives.

6) Lessor Security Agreement:
Lessor Security Agreement, dated as of September 21, 1990 between NBB St. Louis Lease Co., Ltd., as debtor, 1-12-11 Nihonbashi, Chuo-ku Tokyo 103, Japan and The Union Pacific Railroad Company, as secured party, Martin Tower, Eighth and Eaton Avenues, Bethlehem, PA 18018, securing debtor's obligations relating to twenty (20) General Electric Dash 8-40C diesel electric locomotives bearing road numbers 9380 through 9395, inclusive, and 9402 through 9405, inclusive.

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

Very truly yours,

Rebecca A. Craft

RAC/dlm
Enclosures

Interstate Commerce Commission

Washington, D.C. 20423

9/21/90

OFFICE OF THE SECRETARY

Rebecca A Craft
Morgan, Lewis & Bockius
2000 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 9/21/90 at 10:55am , and assigned recordation number(s). 17014, 17014-A,17014-B,17014-C,17014-D 17014-E

Sincerely yours,

Sidney L. Strickland, Jr.

Sidney L. Strickland, Jr.
Secretary

[EXECUTION COPY]

17014

RECORDATION NO _____ FILED 1425

SEP 21 1990 -10 55 AM

LEASE AGREEMENT

Between

NBB ST. LOUIS LEASE CO., LTD.,
as Lessor

and

UNION PACIFIC RAILROAD COMPANY,
as Lessee

Twenty General Electric Dash 8-40C
Diesel Electric Locomotives

Dated as of September 21, 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 ST. LOUIS LEASE CO., LTD. HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH, AS AGENT, UNDER A MORTGAGE AND SECURITY AGREEMENT AND A BANK SECURITY AGREEMENT, EACH DATED AS OF SEPTEMBER 21, 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 THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH, 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 _____.

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LEASE AGREEMENT

This LEASE AGREEMENT, dated as of September 21, 1990, between NBB ST. LOUIS 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 UNION PACIFIC RAILROAD COMPANY, a Utah corporation with its principal place of business at 1416 Dodge Street, Omaha, Nebraska 68179 U.S.A. (together with its successors and permitted assigns, "Lessee").

W I T N E S S E T H:

WHEREAS, Lessor will acquire ownership of, and title to, the Items of Equipment pursuant to the Purchase Agreement and the Assignment Agreement; and

WHEREAS, Lessor desires to lease to the Lessee, and Lessee desires to lease from Lessor, the Items of Equipment pursuant to the terms and conditions of this Agreement; and

WHEREAS, Lessor and Lessee agree that this Lease Agreement shall constitute and govern the lease of the Items of Equipment;

NOW, THEREFORE, the parties hereto agree as follows:

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. Subject to the terms and conditions of this Agreement, the Purchase Agreement and the Assignment Agreement, 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. The right to lease the Items of Equipment conferred hereby shall include the use of all log books and maintenance records for the Items of Equipment delivered pursuant to the Assignment Agreement and the Purchase Agreement and all other records, logs, books, manuals, handbooks, data, drawings, schedules and other documentation relating to the Items of Equipment, providing that, throughout the Term, title to the same shall remain with the Lessor.

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 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 Lessor shall have received whatever title was conveyed to it by the Manufacturer and each Item of Equipment shall be free of Lessor's Liens. Except with respect to the obligations of Lessor under Section 12 or 15(a), with respect to acts or events that occur during the Term Lessor shall not have any responsibility or liability to Lessee or any other Person, other than to the extent caused by the gross negligence or willful misconduct of Lessor, with respect to (w) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any

inadequacy thereof or deficiency or defect therein, or by any other circumstance in connection therewith, (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, 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 15 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 (which notice may be given only once as to any Item of Equipment), 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 two locations on the lines of railroad operated by Lessee, or to any connecting carrier for shipment at any major interchange point, all as directed by Lessor in any written notice given pursuant to this clause (ii). 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 90 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 the following (collectively, "Permitted Liens"): (a) the respective rights of Lessor and Lessee as provided herein and in the Lessor Security Agreement, 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, (h) salvage or similar rights of insurers under insurance policies maintained pursuant to Section 11 hereof and (i) the Refunding Mortgage. 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 and in a manner comparable to that of other locomotives of a similar type and age (and operated or stored under similar circumstances) and for other Class I line-haul railroads, 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) eligible under all Manufacturer's warranties during the terms thereof. 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 rail business on Lessee's railroad system in the manner for which it was designed, on railroad lines in the United States over which Lessee or any sublessee or user permitted by Section 7(e) below has trackage or other operating rights, and on railroad lines of other railroads in the United States in the usual interchange of traffic or

in through or run-through service; provided, however, that Lessee or any such sublessee or user shall have the right to use any Item of Equipment on Lessee's regular run-through service in Canada and Mexico for periods not anticipated to last more than 72 hours each; and provided, further that no more than three locomotives shall be located in either Canada or Mexico at any one time.

(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 in the possession of Lessee or obtainable without unreasonable expense 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 then prevailing 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 shall have occurred and be continuing, and so long as the action to be taken does not and will not contemplate, permit, require, or result in the transfer of Lessor's ownership of or title to any Item of Equipment, or adversely affect the first lien granted by the Mortgage or the availability to Lessor or Agent of the 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, (x) sublease any Item of Equipment to, or permit its use by, any user, upon lines of a railroad owned or operated by Lessee or such user or over which Lessee or such user has 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 and (y) deliver possession of the Items of Equipment to the Manufacturer for testing or other similar purposes or to any organization for service, repair, maintenance or overhaul work on the Items of

Equipment or any Part thereof or for alterations or modifications in or additions to the Items of Equipment to the extent required or permitted by the terms of Section 8(b); provided, further, that (i) such sublease or use shall not continue beyond the end of the Term, (ii) 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 (iii) 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 (which shall be installed within 30 days of the Delivery Date) bearing the legible inscription "TITLE TO THIS LOCOMOTIVE IS HELD BY NBB ST. LOUIS LEASE CO., LTD., THE LESSOR, WHICH HAS LEASED THIS LOCOMOTIVE TO UNION PACIFIC RAILROAD COMPANY AND SUCH TITLE IS SUBJECT TO A MORTGAGE IN FAVOR OF THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH, 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 unless such operation or exercise of control occurs within the 30 day period described in clause (y) of the preceding sentence and in no event exceeds such 30 day period, 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 United States federal, District of Columbia, state 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 or any party to whom possession of an Item of Equipment may be delivered pursuant to Section 7(e)(x) or the Manufacturer.

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

(a) Replacement of Parts. Except as otherwise provided in Section 8(b), 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, utility and useful life at least equal to, the operating condition, value, utility and useful life 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 which are required by this Section 8(a) to be replaced 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 then prevailing 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 materially 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. Lessee shall have the right at its option on a Termination Date (which Termination Date shall be not less than 30 nor more than 120 days following the date of delivery by Lessee to Lessor of a notice specifying such Termination Date) to terminate the Lease and purchase all (but not less than all) of the Items of Equipment. Such Termination Date may be on or at any time after the sixth anniversary of the Delivery Date.

(b) Lessee's Right of Termination for Cause. Lessee shall have the right at its option to terminate this Lease, upon not less than two nor more than 10 days' notice to Lessor specifying a proposed Termination Date, at any time after any of the following events shall have occurred:

(i) United States Taxes which are indemnified against by Lessee pursuant to Section 11(b) or (in the case of Taxes imposed pursuant to Section 887 of the Code) 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; or

(ii) (x) any Taxes (other than those described in paragraph (i) above) which are indemnified against by Lessee pursuant to Section 11(a) or (b) 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 any Tax Indemnitee or on or with respect to, or required to be deducted from, any payment of Rent to be made by Lessee or any other Person pursuant to this Lease or any other Operative Document and (y) the aggregate amount of indemnification payments which are or would be payable in accordance with applicable provisions of the Participation Agreement with respect to such Taxes exceeds or would exceed five percent of the aggregate of Lessor's Cost of all Items of Equipment as of the Delivery Date.

No termination effected in accordance with this Section 9(b) shall relieve Lessee of any liability under Section 11 of the Participation Agreement with respect to Taxes imposed or assessed on any Tax Indemnitee or on or with respect to, or required to be deducted from, any payment of Rent.

(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 Specified Event and the Termination Date shall be the Business Day occurring on or next succeeding the date Lessee gives notice of such termination unless a different date is set forth in such notice.

(ii) (A) This Lease shall terminate automatically on the tenth Business Day after receipt by Lessee of notice from the Agent that the Agent has exercised its right to accelerate the Loan pursuant to the provisions of the Loan Agreement (other than pursuant to Section 3.6(b) or 3.8 thereof or pursuant to Section 5.1 thereof in the circumstances described in subparagraph (B) of this Section 9(d)(ii)), unless within such ten Business Day period Lessee shall have notified the Agent that either (1) Lessee has elected to assume the Loan pursuant to Section 19 of the Participation Agreement, in which case this Lease shall automatically terminate on the earliest of (x) the 60th day after Lessee has so notified the Agent of Lessee's election, (y) such earlier date as Lessee shall have notified the Agent that Lessee has determined not to so assume the Loan or (z) the date that Lessee shall have assumed the Loan pursuant to Section 19 of the Participation Agreement, or (2) Lessee has elected not to assume the Loan pursuant to Section 19 of the Participation Agreement, in which case this Lease shall terminate on the date the

Agent receives such notice. If the Lease shall terminate pursuant to this Section 9(d)(ii)(A), the Termination Date shall be the date of such termination.

(B) This Lease shall terminate automatically if at any time 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. For the purposes of this Section 9(d)(ii)(B), the Termination Date shall be the date on which the Loan becomes payable following the exercise by the Agent of its right to accelerate payment of the Loan pursuant to Section 5.1 of the Loan Agreement

(iii) Lessor shall have the right at its option to terminate this Lease at any time, upon not less than 15 days' notice to Lessee specifying a Termination Date and the Lessor's good faith approximation of 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 reasonably satisfactory to Lessor, and in such event this Lease shall not terminate. In the event that Lessee undertakes such an indemnification arrangement, Lessor shall promptly notify Lessee upon becoming aware of the actual amount of such Tax and shall deliver to Lessee, upon Lessee's reasonable request and at Lessee's expense, such information as may be necessary for Lessee to determine its maximum liability under such indemnification arrangement. After it enters into such an indemnification arrangement Lessee shall have the right, at any time, to terminate this Lease upon not less than 10 days' notice to Lessor specifying a Termination Date.

(iv) Lessor shall have the right at its option to terminate this Lease upon not less than 30 nor more than 90 days' notice to Lessee specifying a Termination Date (x) at any time, other than pursuant to subclause (y), or (y) at any time after the occurrence of a Tax Loss, other than a Tax Loss that occurs as the result of an Excluded Event or a Tax Loss for which Lessee provides an indemnity reasonably satisfactory to Lessor; provided, that in the event such option is exercised as provided in the preceding subclause (x), such option exercise shall be ineffective and such termination shall not occur unless Lessee shall, on or before such Termination Date,

either (A) have assumed the Loan pursuant to Section 19 of the Participation Agreement without adverse economic consequences to Lessee or (B) have elected not to assume the Loan; provided further that, in the event Lessee shall have neither so assumed nor elected not to assume, Lessee shall in good faith have used all reasonable efforts to assume the Loan, as aforesaid.

(v) 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) or 3.8 of the Loan Agreement. For the purposes of this Section 9(d)(v), 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)(B) or 9(d)(v) (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) assuming the obligations of Lessor for repayment of the Loan in accordance with Section 19 of the Participation Agreement or, in the event Lessee shall not have so assumed on or prior to the Termination Date, then (B) paying to Lessor on the Termination Date the Basic Termination Payments for such Items of Equipment applicable to such event of termination, computed as provided in Schedule B with reference to the Termination Date, and (y) in addition, paying to Lessor on the Termination Date the Special Termination Payments for such Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column A of Schedule D and in an amount calculated in accordance with Schedule D.

(ii) Upon any termination pursuant to 9(d)(iii), or 9(d)(v) (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) assuming the obligations of Lessor for repayment of the Loan in accordance with Section 19 of the Participation Agreement or, in the event Lessee shall not have so assumed on or prior to the Termination Date, then (B) paying to Lessor on the Termination Date the Basic Termination Payments for such Items of

Equipment applicable to such event of termination, computed as provided in Schedule B with reference to such Termination Date, and (y) in addition, paying to Lessor on the Termination Date the Special Termination Payments for the Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column B of Schedule D and in an amount calculated in accordance with Schedule D. For Unwind Events occurring prior to September 21, 1994, the Special Termination Payments will be payable on September 21, 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 September 21, 1994, the Special Termination Payments will be payable on the Termination Date.

(iii) Upon any termination pursuant to Section 9(c) (where the illegality arises under the laws of Japan), 9(d)(i), 9(d)(ii)(A) 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) assuming the obligations of Lessor for repayment of the Loan in accordance with Section 19 of the Participation Agreement or, in the event Lessee shall not have so assumed on or prior to the Termination Date, then (B) paying to Lessor on the Termination Date the Basic Termination Payments, for the Items of Equipment applicable to such event of termination, computed as provided in Schedule B with reference to such Termination Date, and (y) in addition, paying to Lessor on the Termination Date the Special Termination Payments for the Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column C of Schedule D and in an amount calculated in accordance with Schedule D.

(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 Payments, 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 Payments 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 Payments 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 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. 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 Payments and Special Termination Payments payable pursuant to this Section 9 and accordingly the obligation of Lessee to pay Basic Rent shall cease for the Lease Period ending on such Lease Period Date and for all subsequent Lease Periods). The Term shall end effective as of such Termination Date.

(g) Notice of Proposed Correction, Change in Law or Tax Ruling. If (i) as a result of any audit or investigation by the Japanese tax authorities, such authorities propose a correction of any item of income, gain, loss, deduction or credit shown or required to be shown on the return of Lessor or any Kumiai-in that, if agreed to by Lessor or such Kumiai-in, as the case may be, would result in a Tax Loss that would permit Lessor to terminate this Lease pursuant to Section 9(d)(iv)(y) or (ii) there occurs any Change in Law or any change in the Japanese Commercial Code, or there is a Tax Ruling issued, which would result in a Tax Loss that would permit Lessor to terminate this Lease pursuant to Section 9(d)(iv)(y) or any such change or ruling is proposed, Lessor shall notify Lessee in writing promptly after Lessor acquires knowledge of such proposed correction, Change in Law or proposed Change in Law, change or Tax Ruling.

(h) Conflicts. In the event that this Lease is terminated pursuant to Section 9(d)(v) by reason of an event that would have entitled Lessee to terminate pursuant to Section 9(b), 9(c) or 9(d)(i), such termination shall, for purposes of Section 9(e), be deemed to be a termination pursuant to Section 9(b), 9(c) or 9(d)(i), as the case may be.

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. Such calculations and recomputations shall be subject to verification, at Lessee's request, by independent accountants selected by Lessor, reasonably acceptable to Lessee. The cost of such verification shall be paid by Lessee unless such accountants determine that the amount payable to or from Lessee is at least 10% greater (in the case of a payment to Lessee) or less (in the case of a payment from Lessee) than the amount claimed or reported by Lessor.

(y) If the certificate delivered by Lessor pursuant to clause (x) above shows a net amount computed pursuant to subclause (C) above payable by Lessee to Lessor, Lessee shall, on the date Lessee

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

(z) Not later than the 30th day after receipt of Lessor's certificate pursuant to clause (x) above, Lessee shall unless it has notified Lessor pursuant to Section 10(a)(ii) of Lessee's determination not to replace any individual Item of Equipment, convey or cause to be conveyed to Lessor, and Lessor shall lease to Lessee hereunder, the proposed Replacement Item of Equipment, free and clear of all Liens other than Permitted Liens and subject to the Lien of the 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;

(C) cause a 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 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;

(F) 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;

(G) cause to be delivered to Lessor and Agent an opinion of counsel, reasonably satisfactory in form and substance to Lessor, (1) as to the due authorization, execution and delivery of the bill or bills of sale referred to in paragraph (A) above, (2) that such bill or bills of sale convey the property they purport to convey free and clear of all Liens other than Permitted Liens, and (3) as to the due filing of the Lease Supplement and the supplement to the Mortgage; and

(H) 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 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, 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 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 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, (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 or any other governmental authority 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 or any other governmental authority 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 or any other governmental authority 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 or any other governmental authority 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; 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 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 and comparable to such coverage maintained by other Class I railroads. All policies with respect to such insurance shall (a) name Lessor and Lenders as additional insureds, (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 or, if such policies do not so provide, that such insurers or an independent broker agrees to endeavor to provide 30 days' notice of any such cancellation, change or lapse (and Lessee shall provide 30 days' prior written notice to each of Lessor and Agent in any such event). 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 January 31 of each year with respect to public liability insurance and January 31 of each year with respect to casualty insurance, commencing on January 31, 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. 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 and; provided, further that such insurance provides no rights to the insurers inconsistent with Sections 20(e) and 20(f) hereof.

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 records and logs of Lessee relating thereto at the location on Lessee's premises where such Item of Equipment or such records and logs are then located or at any other location at which Lessee or its authorized representatives have access to such Item of Equipment or any records or logs 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 the records and logs relating to any Item of Equipment. No inspection pursuant to this Section 12 shall interfere with the safe use, operation or maintenance of any such Item of Equipment or materially interfere with 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.

(i) Except as set forth in Section 7(e) (which shall not be limited by this Section 13), Lessee shall not sell, assign, convey or otherwise transfer its right and interest in and to this Lease or any of Lessee's rights hereunder without the prior written consent of Lessor unless all of the following shall be true:

(A) the transferee of Lessee pursuant to such sale, assignment, conveyance or other transfer shall be a Class I, line-haul railroad;

(B) Lessee shall remain primarily liable under this Lease and the other Operative Documents for the performance of all of the terms of this Lease and the other Operative Documents to which Lessee is a party to the same extent as if such sale, assignment, conveyance or other transfer had not occurred;

(C) such transferee is a direct or indirect subsidiary of Union Pacific Corporation (for the purpose of this subparagraph (C) "subsidiary of Union Pacific Corporation" means any corporation at least 50% of the voting stock of which is held either of record or beneficially by Union Pacific Corporation); and

(D) no such sale, assignment, conveyance or other transfer shall derogate from (i) the title and interest of Lessor under this Lease and the other Operative Documents or (ii) the lien granted by the Mortgage and Bank Security Agreement.

(ii) Lessor shall not, without the prior written consent of Lessee, assign or convey any of its right, title or interest in and to this Lease or any Item of Equipment except pursuant to the Bank Security Agreement, the Mortgage and the Lessor Security Agreement and as otherwise expressly permitted or required by the Operative Documents.

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

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

(ii) immediately after giving effect to such transaction, no Event of Default or Potential Event of Default 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 reasonably satisfactory to Lessor and Agent, each stating that (A) the Successor is a corporation organized and existing under the laws of the United States of America or any state or the District of Columbia, (B) the assumption agreement described in clause (i) has been duly executed and delivered and is a legal valid and binding obligation of the Successor enforceable against the Successor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and other similar laws and equitable principles affecting the enforcement of creditors' rights generally, (C) such consolidation, merger, conveyance, transfer or lease and the assumption agreement described in clause (i) complies with such clause (i) (and, in the case of such certificate, clause (ii) of this Section 13(b) also), (D) the agreements entered into to effect such consolidation, merger, conveyance, transfer or lease and the assumption agreement described in clause (i) above, have been duly executed and delivered and 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, (E) the execution, delivery and performance of the assumption agreement described in clause (i) above will not contravene or violate (1) any existing law, rule or regulation to which the Successor is subject, (2) any judgment, order, writ, injunction, decree or award of any court or governmental or regulatory official, body or authority that is applicable to the Successor, (3) the organizational documents of the Successor, or (4) any written or oral contract, agreement, lease, plan, instrument or other document, commitment, arrangement, undertaking, or practice that may be binding on the Successor or its property under applicable law, (F) no authorization, approval or consent, and registration or filing with, any governmental or regulatory official, body or authority is required in connection with the execution, delivery and performance of the assumption agreement described in clause (i) above, (G) all conditions precedent herein provided for relating to such transactions have been complied with and (H) such other matters relating to such consolidation, merger, conveyance, transfer or lease as Lessor or Agent or both, may reasonably request; and

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

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

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

No transfer by Lessor of any interest in the Items of Equipment, this Lease or in the rights to receive any payments hereunder shall be permitted unless such

transfer is made in accordance with Section 13(a) and 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 upon Lessee's Record of Ownership 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 an assignment of certain of Lessor's rights under the Lease pursuant to the Mortgage (and such acknowledgment constitutes final acceptance of such pledge, lien, security interest and assignment). Lessee acknowledges that it has made an entry of such pledge, lien, security interest and assignment in the Lessee's Record of Ownership.

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

(a) Lessee shall fail to make any payment of Basic Rent, Basic Termination Payments, Casualty Value Termination Payments or Purchase Price, Deficiency Payments or other amounts referred to in Section 19 within five Business Days after written 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 Business

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; 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 notice thereof from Lessor or the Agent with respect to its obligations hereunder or under the Participation Agreement; provided, that if Lessee has diligently commenced to cure such failure using commercially reasonable efforts and such failure is of a nature that it cannot be cured within such 30 day period, but in the reasonable opinion of Lessor or Agent it is capable of being cured within a reasonable additional period not in any event in excess of 60 additional days following such 30 day period; and provided further that in the reasonable opinion of Lessor or Agent such failure shall not have a material adverse affect on the aggregate value of the Items of Equipment then being leased hereunder and not result in any criminal or civil penalty for Lessor, then such failure shall not constitute an Event of Default until the end of such additional 60 day period.

(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 90 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 90 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 by written notice to Lessee 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 30 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 16th 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 15 days after the Lessor's declaration of a default, Lessor shall not exercise its remedies as set forth in Section 15(a). During such 15-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 Payments for all of the Items of Equipment computed as provided in Schedule B with reference to the Termination Date, (y) paying the Special Termination Payments for all of the Items of Equipment computed with reference to the Monthly Dates and U.S. Dollar amounts set forth in Column A of Schedule D and in an amount calculated in accordance with Schedule D and (z) paying all other amounts of Supplemental Rent then due.

(c) Upon receipt of the payments described in subsection (b) Lessor shall, without recourse or warranty (and free and clear of 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 or any Affiliate thereof or any Lessor's Lien and the Term shall end.

(d) In the event Lessee does not exercise its option under subsection (b) and purchase all of the Items of Equipment within 15 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 in favor of Lessor or Lessee under this Lease.

Section 17. Notices. All notices, declarations, instructions demands, requests, consents, approvals and other communications required under the terms and provisions hereof shall be in English and in writing, and may be given by airmail, telegram, cable, telex, telecopy or telefax or any other customary means of communication, and any such notice, demand, request, consent, approval or other communication shall be effective when delivered (i) if to Lessee, at Martin Tower, Eighth and Eaton Avenues, Bethlehem, Pennsylvania 18018, Attention: Treasurer, Telex: 710-670-0007 Answerback: UPCORP NYK, Telecopy/Telefax: (215) 861-3220, 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 (and free and clear of 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. 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 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), 3.8 (including, without limitation, obligations incurred under 3.8(d) and 3.8(g) at the election of the Borrower upon direction of the Lessee pursuant to Section 20(k) hereof 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; and

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

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

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

(ii) any Claim which is a Tax or a loss of Tax benefits, whether or not Lessee is required to indemnify therefor under Section 11 of the 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 or attributable to the breach by such Indemnified Person of any of its representations, covenants or agreements contained in any Operative Document to which it is a party;

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

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

(vi) with respect to any particular Indemnified Person, any Claim described solely in clause (iv) of Section 20(c) which is attributable to 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.

(e) Insured Claims. In the case of any Claim indemnified by Lessee hereunder which is covered by a policy of insurance maintained by Lessee, 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 by Lessee, 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. 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 an Indemnified Person in contravention by such Indemnified Person of the provisions of Section 12 or 15(a) or otherwise due to the willful misconduct of an Indemnified Person) 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 Sections 3.6(b), 3.8 or 3.9 of the Loan Agreement relating to an Illegality Event or the imposition of 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 Sections 3.6(b), 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 3.8 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 3.8(d) or 3.8(g) of the Loan Agreement, as applicable. Lessee shall reimburse Lessor upon demand on an after-tax basis for any amounts paid by Lessor upon the request of, and on behalf of, Lessee pursuant to this Section 20(k).

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 or Lessor under this Lease shall not be discharged by an amount paid in any currency other than the designated currency of such payments, whether pursuant to a judgment or otherwise, to the extent that the amount so paid on prompt conversion to the designated currency (as quoted in Tokyo) 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 such Person receives payments in excess of those to which such Person is entitled under Section 20, to immediately pay over such excess to Lessee.

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

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

this transaction, and Lessee shall have the right to seek specific performance of such obligation in any appropriate court or tribunal.

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

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

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

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

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

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

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

Section 24. Chattel Paper. The parties hereto agree that certain rights, title and interest of Lessor in and to this Lease and to the Items of Equipment have been assigned to and are subject to a lien and security interest in favor of The Sumitomo Bank, Limited, New York Branch, as Agent, under the Mortgage and the 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 The Sumitomo Bank, Limited, New York Branch, 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 ST. LOUIS LEASE CO., LTD.

By _____
Name: John B. Fahy
Title: Attorney-in-fact

LESSEE:

UNION PACIFIC
RAILROAD COMPANY

By _____
Name: John B. Larsen
Title: Assistant Treasurer

COMMONWEALTH OF PENNSYLVANIA:

SS

COUNTY OF PHILADELPHIA :

On this, the 20th day of September, 1990, before me, a notary public, personally appeared John B. Fahy, who acknowledged himself to be the Attorney-in-fact of NBB St. Louis 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. McDOWELL, NOTARY PUBLIC
PHILADELPHIA, PHILADELPHIA COUNTY
MY COMMISSION EXPIRES OCT. 20, 1992

Member, Pennsylvania Association of Notaries

COMMONWEALTH OF PENNSYLVANIA:

SS

COUNTY OF PHILADELPHIA :

On this, the 10th day of September, 1990, before me, a notary public, personally appeared John B. Larsen, who acknowledged himself to be the Assistant Treasurer of Union Pacific Railroad Company, and that he, as such Assistant Treasurer, being duly empowered and authorized to do so, executed the within instrument for the purposes therein contained, by signing his name as such Assistant Treasurer.

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 23, 1992
Member, Pennsylvania Association of Notaries

UNION PACIFIC RAILROAD COMPANY
NBB ST. LOUIS LEASE CO., LTD.
FINANCING OF TWENTY GENERAL ELECTRIC DASH 8-40C
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 The Sumitomo Bank, Limited, New York Branch, 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 September 21, 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.

"Assignment and Assumption Agreement" means the Assignment and Assumption Agreement referred to in Section 19 of the Participation Agreement.

"Assumed Obligations" has the meaning set forth in Section 19 of the Participation Agreement.

"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 (f) of the Loan Agreement, subject to the provisions of such Section.

"Bank Security Agreement" means the Bank Security Agreement, dated as of September 21, 1990, between Borrower and The Sumitomo Bank, Limited, New York Branch, 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.

"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 New York, New York, Tokyo, Japan or London, England, 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" has 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 September 21, 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 September 21, 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. 208116, with The Sumitomo Bank, Limited, Tokyo Main Office.

"Eligible Assignee" means (i) any United States branch of a bank organized and existing under the laws of Japan, (ii) any Japanese branch of a bank organized and existing under the laws of the United States or any state thereof, or the District of Columbia, or (iii) any Japanese branch of a bank organized under the laws of any country; provided, that at the time of any transfer of any interest in the Loan or any Operative Document by any Lender to such Japanese branch of such bank, payments of interest made by a United States resident directly to such

bank in its country of organization would not result in the imposition of, or require the payment of, United States withholding taxes (whether due to the absence of such taxes or the existence of an applicable tax treaty reducing such taxes to a rate of zero).

"Enforcement Date" has the meaning set forth in Section 9 of the Mortgage.

"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, or (y) destruction, 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 any other governmental authority having jurisdiction, the use of such property in the normal course of rail transportation shall have been prohibited for a period of 12 consecutive months, unless Lessee, prior to the expiration of such 12-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 18 consecutive months; (v) the operation or location of such property, while under requisition for use by the Government or any other governmental authority, 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 18 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.

"Excluded Event" means any of the following events:

(i) any sale, assignment, transfer or other disposition (whether voluntary or involuntary) by the Lessor or any Kumiai-in of any interest in any Item of Equipment or any Part, or in the Lessor or any Tokumei Kumiai Agreement or the business of the Tokumei Kumiai contemplated thereunder except pursuant to Section 15 of the Lease and except for any such sale, assignment, transfer or other disposition pursuant to the terms of Section 8, 9, 10 or 19 of the Lease or otherwise resulting from any act or omission of the Lessee;

(ii) the failure of the Lessor or any Kumiai-in to have sufficient income to benefit from the deductions referred to in paragraph (i) of the definition of Tax Assumption;

(iii) the failure of the Lessor or any Kumiai-in to claim or cause to be claimed in a timely manner any of the deductions referred to in paragraph (i) of the definition of Tax Assumption;

(iv) the breach by the Lessor of any of its representations, warranties or covenants contained in the Participation Agreement or the Lease; and

(v) the occurrence of an Event of Loss with respect to any Item of Equipment.

"Government" means the government of the United States of America 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.

"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" has the meaning set forth 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 8-40C diesel electric locomotives (or an improved model of the same Manufacturer) listed by Lessee's road numbers 9380 through 9395, inclusive, and 9402 through 9405, 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 September 21, 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.

"Lender" means (a) The Sumitomo Bank, Limited, a banking institution organized under the laws of Japan, acting through its branch in New York, New York, 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.

"Lessee" means Union Pacific Railroad Company, a Utah 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 St. Louis Lease Co., Ltd., a corporation organized under the laws of Japan, and its successors and permitted assigns.

"Lessor Security Agreement" means the Lessor Security Agreement, dated as of September 21, 1990, between Lessor and Lessee, and all annexes,

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

"Lessor's Cost" for each Item of Equipment means an amount equal to $1,547,885.

"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 (A) solely from Lessor's participation in the transactions contemplated by the Lease, the Participation Agreement or any other Operative Document or (B) in connection with the Refunding Mortgage; (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 (A) solely from Lessor's participation in the transactions contemplated by the Lease, the Participation Agreement or any other Operative Document or (B) in connection with the Refunding Mortgage; (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" has the meaning set forth in Section 11(e)(v) of the Participation Agreement.

"LIBOR Break Funding Costs" means, as of any date, that amount reasonably determined by any Lender to be sufficient to compensate it for any loss, cost or expense attributable to any payment or prepayment of principal on the portion of the Loan then held by such Lender if such date is not an Interest Payment Date (or the Business Day next preceding the relevant Interest Payment Date if such Interest Payment Date is not a Business Day).

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

"Loan" means the loan made by The Sumitomo Bank, Limited, New York Branch, to Borrower pursuant to the Loan Agreement in an amount equal to U.S. $24,766,160, which sum is approximately 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 September 21, 1990, between Borrower and The Sumitomo Bank, Limited, New York Branch, 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 20 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 September 21, 1990, between NBB and The Sumitomo Bank, Limited, New York Branch, 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.

"LSA Collateral" has the meaning set forth in Section 2 of the Lessor Security 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 September 21, 1990, between Lessor and The Sumitomo Bank, Limited, New York Branch, as Agent, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

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

"Mutually Acceptable Arrangement" has the meaning set forth in Section 3.9 of the Loan Agreement.

"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 September 21, 1990, between NBB and Lessee, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Obsolete Parts" has the meaning set forth in Section 8(b) of the Lease.

"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 Lessor Security Agreement, 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, 10.92% 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, 8.2% per annum.

"Participation Agreement" means the Participation Agreement, dated as of September 21, 1990, among Lessee, Lessor and The Sumitomo Bank, Limited, New York Branch, 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 Liens" means any Lien of the type described in clauses (a) through (i) of Section 6 of the Lease.

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

"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 Union Pacific Railroad Multi-year Locomotive Proposal Dash 8-40C, dated July 8, 1988, as modified by the Purchase Agreement, dated December 29, 1989, between the Manufacturer and the Lessee to the extent applicable to the Items of Equipment, providing, among other things, for the manufacture and sale by the Manufacturer to the Lessee of the Items of Equipment, as such Purchase Agreement has been amended, modified or supplemented to the date hereof.

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

"Refunding Mortgage" means the Refunding Mortgage, dated June 1, 1940, between the Lessee and Chase Manhattan Bank, N.A., as amended through the date hereof.

"Rent" means Basic Rent and Supplemental Rent.

"Replacement Item of Equipment" means a General Electric Dash 8-40C diesel electric locomotive or an improved model of the Manufacturer or an equivalent or better model of another 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 at least 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.

"Restated Loan Agreement" means the Restated Loan Agreement referred to in Section 19 of the Participation Agreement.

"Restated Mortgage" means the Restated Mortgage referred to in Section 19 of the Participation 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 Event" means each of the following events:

(a) a Lessor Event of Default; and

(b) Lessor shall fail to comply with any of its obligations under Section 4(b) of the Lease and such failure shall continue unremedied for a period of 30 days after the receipt by Lessor of written notice of such failure given by Lessee.

"Specified Exchange Rate" means the exchange rate of U.S. $1.00 equals 138.65 (Yen).

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

"Sumitomo" means The Sumitomo Bank, Limited, New York Branch.

"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 Break Amount" means, as of any Swap Termination Date, the amount that would be required to be paid by Sumitomo to the Swap Counterparty (a positive Swap Break Amount) or by the Swap Counterparty to Sumitomo (a negative Swap Break Amount) pursuant to Section 6(d) of the Swap Form, as calculated pursuant to Section 6(e) thereof assuming a Termination Event (as defined in the Swap Form) had occurred for the portion of the principal amount of the Loan being prepaid. Solely for the purposes of determining the application of proceeds pursuant to Clause "Fifth" of Section 5.2 of the Bank Security Agreement and Clause "Fifth" of Section 5 of the Mortgage, if the Lien of the Mortgage or the Bank Security Agreement is foreclosed as a result of an Event of Default under the Lease, the total amount of Swap Break Loss to be paid, or Swap Break Gain to be applied, under the Mortgage and the Bank Security Agreement shall not exceed four percent of the aggregate of Lessor's Cost of the Items of Equipment.

"Swap Break Gain" for the principal amount of the Loan being prepaid means the absolute value of the Swap Break Amount for such principal amount when such Swap Break Amount is a negative number.

"Swap Break Loss" for the principal amount of the Loan being prepaid means the absolute value of the Swap Break Amount for such principal amount when such Swap Break Amount is a positive number.

"Swap Counterparty" means Sumitomo Bank Capital Markets, Inc.

"Swap Form" means the standard form of Interest Rate and Currency Exchange Agreement published in 1987 by, and incorporating by reference therein the definitions and provisions contained in, the 1987 Interest Rate and Currency Exchange Definitions of the International Swap Dealers Association, Inc.

"Swap Termination Date" means any date on which a Swap Breakage Gain or a Swap Breakage Loss may be payable under the Operative Documents.

"Swap Transaction" means the interest rate swap transaction between Sumitomo and the Swap Counterparty governed by the Swap Form. The economic terms of the Swap Transaction are set forth in the Fixed Rate Loan Rate Confirmation, dated September 18, 1990 between Sumitomo and the Lessee.

"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 Assumption" means any of the following assumptions regarding the treatment of the transactions contemplated by the Operative Documents for purposes of Japanese Tax Law:

(i) the Lessor will be allowed deductions for:

(x) all interest payable by the Lessor under the Loan Agreement, which shall be treated as being deductible on an accrual basis in the tax period of the Lessor in which the same is payable under the Loan Agreement;

(y) all other costs, fees and expenses incurred by the Lessor in connection with entering into the Operative Documents (other than a reserve for future costs and expenses related to the maintenance of the Tokumei Kumiai in the amount of $50,000, which shall be amortized over the term of the Lease on a straight line basis), which shall be treated as deductible on an accrual basis in the tax period of the Lessor in which the same are incurred; and

(z) depreciation on each Item of Equipment calculated on a monthly basis at the rate of 9.9% per semi-annual period on the undepreciated portion of the Lessor's Cost (using the declining balance method of depreciation), and commencing as from the tax period of the Lessor in which the Delivery Date occurs and so that in respect of such tax period depreciation of 9.9% will be allowed, until the undepreciated portion of Lessor's Cost is equal to 5.0% thereof and any remaining balance will be allowed as a deduction upon sale or other final disposition of such Item of Equipment;

(ii) the deductions referred to in subparagraph (i) above will not subsequently be disallowed; and

(iii) the net income or the net loss of the Lessor with respect to the transactions contemplated by the Operative Documents shall, for purposes of Japanese Tax Law, be passed through without withholding or deduction to each Kumiai-in in proportion to such Kumiai-in's interest in the business of the Tokumei Kumiai.

"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 Loss" means the occurrence of any of the following events as evidenced by an opinion of nationally recognized tax counsel or independent tax advisor to the Lessor, a copy of which shall be provided to the Lessee:

(i) as a result of a Change in Law or Tax Ruling, any assumption referred to in paragraph (i) or (ii) of the definition of Tax Assumption proves to be or becomes incorrect or inapplicable, or

(ii) as a result of a Change in Law or a change after the Delivery Date in the Japanese Commercial Code any assumption referred to in paragraph (iii) of the definition of Tax Assumption proves to be or becomes incorrect or inapplicable.

"Tax Ruling" means any tax ruling, tax assessment, notice, instruction, explanation or any other determination by the Japanese tax authorities given to Lessor or any Kumiai-in in writing which tax ruling, tax assessment, notice, instruction, explanation or other determination is inconsistent with the prevailing interpretations or practices of the Japanese leasing industry as of the Delivery Date.

"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 F 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, which came in force on July 9, 1972, 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 with The Daiwa Bank, Limited, Nihonbashi Branch, Ordinary Account, account no. 7261608.

Exhibit A
To
Lease

LEASE SUPPLEMENT NO. 1

Between

NBB ST. LOUIS LEASE CO., LTD.,
as Lessor

and

UNION PACIFIC RAILROAD COMPANY,
as Lessee

Twenty General Electric Dash 8-40C
Diesel Electric Locomotives

Dated as of September 21, 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 ST. LOUIS LEASE CO., LTD. HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH, AS AGENT, UNDER A MORTGAGE, ASSIGNMENT AND SECURITY AGREEMENT AND A BANK SECURITY AGREEMENT, EACH DATED AS OF SEPTEMBER 21, 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 THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH, AS AGENT, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

EXHIBIT A
TO
LEASE

LEASE SUPPLEMENT NO. 1, dated September 21, 1990, between NBB ST. LOUIS LEASE CO., LTD., a corporation formed under the laws of Japan ("Lessor"), and UNION PACIFIC RAILROAD COMPANY, a Utah 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 September 21, 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 thirty General Electric Dash 8-40C Diesel Electric Locomotives, bearing Lessee's road numbers 9380 through 9395, inclusive, and 9402 through 9405, 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 $1,547,885 and the aggregate Lessor's Cost for all of the Items of Equipment is $30,957,700.

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.

10. The parties hereto agree that certain rights, title and interest of Lessor in and to this Lease Supplement No. 1 and to the Items of Equipment have been assigned to and are subject to a lien and security interest in favor of The Sumitomo Bank, Limited, New York Branch, as Agent, under the Mortgage and the 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 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 The Sumitomo Bank, Limited, New York Branch, as Agent on or immediately following the signature page thereof.

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 ST. LOUIS LEASE CO., LTD.

By:_____
Name: John B. Fahy
Title: Attorney-in-fact

LESSEE

UNION PACIFIC
RAILROAD COMPANY

By:_____
Name: John B. Larsen
Title: Assistant Treasurer

EXHIBIT B
TO
LEASE

[FORM OF PAYMENT ACKNOWLEDGMENT]

NBB ST. LOUIS 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 September 21, 1990 (the "Lease"), between NBB St. Louis Lease Co., Ltd., as Lessor (the "Lessor"), and Union Pacific Railroad Company, 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 _____, 1994 the amount of Yen equal to $_____, 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,

UNION PACIFIC RAILROAD COMPANY

By:_____
Title:

SCHEDULE 1
TO LEASE

IDENTIFICATION OF ITEMS OF EQUIPMENT

General Electric Dash 8-40C Diesel Electric Locomotives numbered with Lessee's road numbers 9380 through 9395, inclusive, and 9402 through 9405, 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$)	YEN AMOUNT (US$)
28-Feb-91	79,851.18	
31-Aug-91	89,832.58	
29-Feb-92	89,832.58	
31-Aug-92	89,832.58	
28-Feb-93	89,832.58	
31-Aug-93	89,832.58	
28-Feb-94	89,832.58	
31-Aug-94	89,832.58	
28-Feb-95	89,832.58	
31-Aug-95	89,832.58	
29-Feb-96	89,832.58	
31-Aug-96	89,832.58	
28-Feb-97	59,127.18	30,705.40
31-Aug-97	83,729.18	6,103.40
28-Feb-98	80,558.16	9,274.42
31-Aug-98	77,609.70	12,222.88
28-Feb-99	74,859.59	14,972.99
31-Aug-99	72,285.94	17,546.64
29-Feb-2000	69,868.96	19,963.62
31-Aug-2000	67,590.79	22,241.79
28-Feb-2001	65,435.25	24,397.33
31-Aug-2001	63,387.74	26,444.84
28-Feb-2002	61,435.01	28,397.57
31-Aug-2002	59,565.09	30,267.49
28-Feb-2003	57,767.11	32,065.47
31-Aug-2003	56,031.24	33,801.34
29-Feb-2004	54,348.53	35,484.05
31-Aug-2004	52,608.28	37,224.30
21-Sep-2004	9,981.40	0.00

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS

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

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

(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 the actual number of days in the month in which the Termination Date occurs, (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 the actual number of days in the month in which the Termination Date occurs, (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)

U.S. DOLLAR AMOUNT
(US$)

MONTHLY DATES	COLUMN 1	COLUMN 2
31-Oct-90	1,251,615.68	-
30-Nov-90	1,261,852.36	-
31-Dec-90	1,272,089.04	-
31-Jan-91	1,282,325.72	-
28-Feb-91	1,212,711.22	1,292,562.40
31-Mar-91	1,222,736.30	-
30-Apr-91	1,232,761.38	-
31-May-91	1,242,786.46	-
30-Jun-91	1,252,811.54	-
31-Jul-91	1,262,836.62	-
31-Aug-91	1,183,029.12	1,272,861.70
30-Sep-91	1,192,808.83	-
31-Oct-91	1,202,588.53	-
30-Nov-91	1,212,368.24	-
31-Dec-91	1,222,147.95	-
31-Jan-92	1,231,927.66	-
29-Feb-92	1,151,874.78	1,241,707.36
31-Mar-92	1,161,396.94	-
30-Apr-92	1,170,919.11	-
31-May-92	1,180,441.27	-
30-Jun-92	1,189,963.44	-
31-Jul-92	1,199,485.60	-
31-Aug-92	1,119,175.19	1,209,007.77
30-Sep-92	1,128,427.04	-
31-Oct-92	1,137,678.89	-
30-Nov-92	1,146,930.73	-
31-Dec-92	1,156,182.58	-
31-Jan-93	1,165,434.43	-
28-Feb-93	1,084,853.70	1,174,686.28
31-Mar-93	1,093,821.82	-
30-Apr-93	1,102,789.95	-
31-May-93	1,111,758.07	-
30-Jun-93	1,120,726.20	-
31-Jul-93	1,129,694.32	-
31-Aug-93	1,048,829.86	1,138,662.44
30-Sep-93	1,057,500.19	-
31-Oct-93	1,066,170.51	-
30-Nov-93	1,074,840.84	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
31-Dec-93	1,083,511.17	-
31-Jan-94	1,092,181.49	-
28-Feb-94	1,011,019.24	1,100,851.82
31-Mar-94	1,019,377.00	-
30-Apr-94	1,027,734.76	-
31-May-94	1,036,092.52	-
30-Jun-94	1,044,450.28	-
31-Jul-94	1,052,808.04	-
31-Aug-94	971,333.21	1,061,165.79
30-Sep-94	979,362.90	-
31-Oct-94	987,392.59	-
30-Nov-94	995,422.27	-
31-Dec-94	1,003,451.96	-
31-Jan-95	1,011,481.65	-
28-Feb-95	929,678.76	1,019,511.34
31-Mar-95	937,364.10	-
30-Apr-95	945,049.45	-
31-May-95	952,734.79	-
30-Jun-95	960,420.14	-
31-Jul-95	968,105.48	-
31-Aug-95	885,958.25	975,790.83
30-Sep-95	893,282.17	-
31-Oct-95	900,606.09	-
30-Nov-95	907,930.01	-
31-Dec-95	915,253.94	-
31-Jan-96	922,577.86	-
29-Feb-96	840,069.20	929,901.78
31-Mar-96	847,013.77	-
30-Apr-96	853,958.34	-
31-May-96	860,902.92	-
30-Jun-96	867,847.49	-
31-Jul-96	874,792.06	-
31-Aug-96	791,904.05	881,736.63
30-Sep-96	798,450.46	-
31-Oct-96	804,996.86	-
30-Nov-96	811,543.27	-
31-Dec-96	818,089.68	-
31-Jan-97	824,636.08	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
28-Feb-97	772,055.31	831,182.49
31-Mar-97	778,437.63	-
30-Apr-97	784,819.96	-
31-May-97	791,202.28	-
30-Jun-97	797,584.61	-
31-Jul-97	803,966.93	-
31-Aug-97	726,620.07	810,349.25
30-Sep-97	732,626.80	-
31-Oct-97	738,633.52	-
30-Nov-97	744,640.25	-
31-Dec-97	750,646.97	-
31-Jan-98	756,653.70	-
28-Feb-98	682,102.27	762,660.43
31-Mar-98	687,740.98	-
30-Apr-98	693,379.69	-
31-May-98	699,018.41	-
30-Jun-98	704,657.12	-
31-Jul-98	710,295.83	-
31-Aug-98	638,324.84	715,934.54
30-Sep-98	643,601.66	-
31-Oct-98	648,878.48	-
30-Nov-98	654,155.30	-
31-Dec-98	659,432.11	-
31-Jan-99	664,708.93	-
28-Feb-99	595,126.16	669,985.75
31-Mar-99	600,045.87	-
30-Apr-99	604,965.58	-
31-May-99	609,885.29	-
30-Jun-99	614,805.00	-
31-Jul-99	619,724.71	-
31-Aug-99	552,358.48	624,644.42
30-Sep-99	556,924.64	-
31-Oct-99	561,490.81	-
30-Nov-99	566,056.97	-
31-Dec-99	570,623.13	-
31-Jan-2000	575,189.30	-
29-Feb-2000	509,886.50	579,755.46
31-Mar-2000	514,101.56	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
30-Apr-2000	518,316.62	-
31-May-2000	522,531.69	-
30-Jun-2000	526,746.75	-
31-Jul-2000	530,961.81	-
31-Aug-2000	467,586.08	535,176.87
30-Sep-2000	471,451.46	-
31-Oct-2000	475,316.84	-
30-Nov-2000	479,182.21	-
31-Dec-2000	483,047.59	-
31-Jan-2001	486,912.97	-
28-Feb-2001	425,343.10	490,778.35
31-Mar-2001	428,859.27	-
30-Apr-2001	432,375.44	-
31-May-2001	435,891.61	-
30-Jun-2001	439,407.78	-
31-Jul-2001	442,923.95	-
31-Aug-2001	383,052.38	446,440.12
30-Sep-2001	386,218.95	-
31-Oct-2001	389,385.51	-
30-Nov-2001	392,552.08	-
31-Dec-2001	395,718.65	-
31-Jan-2002	398,885.21	-
28-Feb-2002	340,616.77	402,051.78
31-Mar-2002	343,432.54	-
30-Apr-2002	346,248.30	-
31-May-2002	349,064.07	-
30-Jun-2002	351,879.83	-
31-Jul-2002	354,695.60	-
31-Aug-2002	297,946.27	357,511.36
30-Sep-2002	300,409.29	-
31-Oct-2002	302,872.31	-
30-Nov-2002	305,335.34	-
31-Dec-2002	307,798.36	-
31-Jan-2003	310,261.38	-
28-Feb-2003	254,957.29	312,724.40
31-Mar-2003	257,064.94	-
30-Apr-2003	259,172.58	-
31-May-2003	261,280.23	-

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
30-Jun-2003	263,387.88	-
31-Jul-2003	265,495.52	-
31-Aug-2003	211,571.93	267,603.17
30-Sep-2003	213,320.92	-
31-Oct-2003	215,069.92	-
30-Nov-2003	216,818.91	-
31-Dec-2003	218,567.91	-
31-Jan-2004	220,316.90	-
29-Feb-2004	167,717.37	222,065.90
31-Mar-2004	169,103.83	-
30-Apr-2004	170,490.30	-
31-May-2004	171,876.76	-
30-Jun-2004	173,263.22	-
31-Jul-2004	174,649.69	-
31-Aug-2004	123,427.87	176,036.15
21-Sep-2004	114,160.71	124,142.11

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)(B), 9(d)(v) (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)(iii) or 9(d)(v) (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), 9(d)(ii)(A) 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 (which amount is equal to the sum of (x) the amount listed in Column A1 opposite such date and (y) the portion of Basic Rent due and payable in Yen on such Lease Period Date as set forth in Schedule A to the Lease);

(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 September 21, 1994 $359,896.82;

(ii) If the Termination Date occurs after September 21, 1994 and on or before August 31, 1998:

(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) on a date in a month the last day of which is a Lease Period Date, 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 December 31, 1998:

(A) if a Termination Date occurs on a Lease Period Date, the amount listed in column A2 opposite such date (which amount is equal to the sum of (x) the amount listed in Column A1 opposite such date and (y) the portion of Basic Rent due and payable in Yen on such Lease Period Date as set forth in Schedule A to the Lease);

(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 reduced by $20,304.82, or, to the extent the amount due to Lessee under the Deposit Agreement with Midland Bank PLC, dated as of September 21, 1990, exceeds such amount, then the amount due to Lessee pursuant to such Deposit Agreement;

(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 reduced by $20,304.82, or, to the extent the amount due to Lessee under the Deposit Agreement with Midland Bank PLC, dated as of September 21, 1990, exceeds such amount, then the amount due to Lessee pursuant to such Deposit Agreement;

(iii) if the Termination Date occurs on a date other than a date specified in clause (i) or (ii) above, the greater of (A) an amount obtained by (1) 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, (2) multiplying the product computed in (1) by 0.072, (3) dividing the product computed in (2) by 365, (4) adding the quotient computed in (3) to the amount listed in Column C1 opposite the preceding Lease Period Date, and (5) subtracting $20,304.82 and (B) the amount due to Lessee under the Deposit Agreement with Midland Bank PLC, dated as of September 21, 1990 to the extent such amount exceeds the amount in (A).

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-90	358,435.63	-	359,896.82	-	194,905.08	-
30-Nov-90	360,876.33	-	359,896.82	-	196,049.46	-
31-Dec-90	363,335.83	-	359,896.82	-	197,231.99	-
31-Jan-91	365,814.31	-	359,896.82	-	198,414.52	-
28-Feb-91	368,311.97	368,311.97	359,896.82	359,896.82	199,482.61	199,482.61
31-Mar-91	368,429.08	-	359,896.82	-	200,702.46	-
30-Apr-91	370,922.27	-	359,896.82	-	201,882.96	-
31-May-91	373,210.86	-	359,896.82	-	203,102.81	-
30-Jun-91	375,516.59	-	359,896.82	-	204,283.30	-
31-Jul-91	377,839.61	-	359,896.82	-	205,503.15	-
31-Aug-91	380,180.11	380,180.11	359,896.82	359,896.82	206,723.00	206,723.00
30-Sep-91	378,572.00	-	359,896.82	-	207,946.35	-
31-Oct-91	380,900.01	-	359,896.82	-	209,210.48	-
30-Nov-91	383,102.07	-	359,896.82	-	210,433.82	-
31-Dec-91	385,320.27	-	359,896.82	-	211,697.95	-
31-Jan-92	387,554.77	-	359,896.82	-	212,962.07	-
29-Feb-92	389,805.73	389,805.73	359,896.82	359,896.82	214,144.64	214,144.64
31-Mar-92	386,766.29	-	359,896.82	-	215,454.15	-
30-Apr-92	388,998.21	-	359,896.82	-	216,721.42	-
31-May-92	391,123.12	-	359,896.82	-	218,030.93	-
30-Jun-92	393,263.29	-	359,896.82	-	219,298.19	-
31-Jul-92	395,418.89	-	359,896.82	-	220,607.70	-
31-Aug-92	397,590.06	397,590.06	359,896.82	359,896.82	221,917.21	221,917.21
30-Sep-92	393,333.54	-	359,896.82	-	223,230.48	-
31-Oct-92	395,480.09	-	359,896.82	-	224,587.51	-
30-Nov-92	397,537.01	-	359,896.82	-	225,900.78	-
31-Dec-92	399,608.44	-	359,896.82	-	227,257.82	-
31-Jan-93	401,694.53	-	359,896.82	-	228,614.86	-
28-Feb-93	403,795.41	403,795.41	359,896.82	359,896.82	229,840.57	229,840.57
31-Mar-93	398,517.54	-	359,896.82	-	231,246.06	-
30-Apr-93	400,589.13	-	359,896.82	-	232,606.21	-
31-May-93	402,587.07	-	359,896.82	-	234,011.70	-
30-Jun-93	404,598.88	-	359,896.82	-	235,371.85	-
31-Jul-93	406,624.69	-	359,896.82	-	236,777.34	-
31-Aug-93	408,664.63	408,664.63	359,896.82	359,896.82	238,182.84	238,182.84
30-Sep-93	402,544.55	-	359,896.82	-	239,592.36	-
31-Oct-93	404,551.34	-	359,896.82	-	241,048.86	-
30-Nov-93	406,499.25	-	359,896.82	-	242,458.38	-

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-93	408,460.48	-	359,896.82	-	243,914.88	-
31-Jan-94	410,435.15	-	359,896.82	-	245,371.39	-
28-Feb-94	412,423.40	412,423.40	359,896.82	359,896.82	246,686.94	246,686.94
31-Mar-94	405,625.40	-	359,896.82	-	248,195.45	-
30-Apr-94	407,577.40	-	359,896.82	-	249,655.29	-
31-May-94	409,484.19	-	359,896.82	-	251,163.80	-
30-Jun-94	411,403.85	-	359,896.82	-	252,623.65	-
31-Jul-94	413,336.51	-	359,896.82	-	254,132.15	-
31-Aug-94	415,282.28	415,282.28	359,896.82	359,896.82	255,640.66	255,640.66
30-Sep-94	407,957.46	-	360,237.97	-	257,153.49	-
31-Oct-94	409,864.57	-	361,375.12	-	258,716.75	-
30-Nov-94	411,739.19	-	362,512.28	-	260,229.59	-
31-Dec-94	413,626.34	-	363,649.43	-	261,792.85	-
31-Jan-95	415,526.13	-	364,786.58	-	263,356.11	-
28-Feb-95	417,438.69	417,438.69	365,923.73	365,923.73	264,768.08	264,768.08
31-Mar-95	409,726.31	-	367,082.49	-	266,387.16	-
30-Apr-95	411,598.42	-	368,241.25	-	267,954.01	-
31-May-95	413,449.93	-	369,400.01	-	269,573.08	-
30-Jun-95	415,313.72	-	370,558.77	-	271,139.93	-
31-Jul-95	417,189.89	-	371,717.53	-	272,759.00	-
31-Aug-95	419,078.57	419,078.57	372,876.28	372,876.28	274,378.08	274,378.08
30-Sep-95	411,107.43	-	374,057.06	-	276,001.79	-
31-Oct-95	412,954.47	-	375,237.83	-	277,679.63	-
30-Nov-95	414,792.08	-	376,418.61	-	279,303.35	-
31-Dec-95	416,641.80	-	377,599.38	-	280,981.19	-
31-Jan-96	418,503.76	-	378,780.16	-	282,659.03	-
29-Feb-96	420,378.06	420,378.06	379,960.93	379,960.93	284,228.62	284,228.62
31-Mar-96	412,267.63	-	381,164.14	-	285,966.70	-
30-Apr-96	414,099.64	-	382,367.35	-	287,648.71	-
31-May-96	415,932.74	-	383,570.56	-	289,386.79	-
30-Jun-96	417,777.90	-	384,773.77	-	291,068.80	-
31-Jul-96	419,635.24	-	385,976.98	-	292,806.88	-
31-Aug-96	421,504.86	421,504.86	387,180.19	387,180.19	294,544.95	294,544.95
30-Sep-96	413,366.39	-	388,406.26	-	296,288.01	-
31-Oct-96	415,193.54	-	389,632.33	-	298,089.18	-
30-Nov-96	417,031.81	-	390,858.40	-	299,832.24	-
31-Dec-96	418,882.17	-	392,084.47	-	301,633.40	-
31-Jan-97	420,744.74	-	393,310.54	-	303,434.56	-

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$)	C2 (US$)
28-Feb-97	391,914.23	422,619.63	363,831.22	394,536.62	274,356.02	305,061.42
31-Mar-97	383,651.67	-	364,983.35	-	276,033.72	-
30-Apr-97	385,282.99	-	366,135.48	-	277,657.31	-
31-May-97	386,924.81	-	367,287.61	-	279,335.02	-
30-Jun-97	388,577.22	-	368,439.74	-	280,958.60	-
31-Jul-97	390,240.33	-	369,591.88	-	282,636.31	-
31-Aug-97	385,810.83	391,914.23	364,640.61	370,744.01	278,210.61	284,314.01
30-Sep-97	377,676.95	-	365,795.30	-	279,857.01	-
31-Oct-97	379,282.87	-	366,950.00	-	281,558.29	-
30-Nov-97	380,899.11	-	368,104.69	-	283,204.68	-
31-Dec-97	382,525.79	-	369,259.39	-	284,905.96	-
31-Jan-98	384,163.00	-	370,414.08	-	286,607.24	-
28-Feb-98	376,536.41	385,810.83	362,294.36	371,568.78	278,869.46	288,143.88
31-Mar-98	368,598.06	-	363,441.63	-	280,574.76	-
30-Apr-98	370,165.37	-	364,588.89	-	282,225.06	-
31-May-98	371,742.76	-	365,736.16	-	283,930.36	-
30-Jun-98	373,330.34	-	366,883.42	-	285,580.66	-
31-Jul-98	374,928.19	-	368,030.69	-	287,285.96	-
31-Aug-98	364,313.53	376,536.41	356,955.07	369,177.95	276,768.39	288,991.27
30-Sep-98	356,632.87	-	356,632.87	-	278,406.25	-
31-Oct-98	358,149.30	-	358,149.30	-	280,098.71	-
30-Nov-98	359,675.49	-	359,675.49	-	281,736.57	-
31-Dec-98	361,211.53	-	361,211.53	-	283,429.03	-
31-Jan-99	362,757.51	-	362,606.86	-	285,121.49	-
28-Feb-99	349,340.54	364,313.53	348,764.23	363,737.22	271,677.17	286,650.16
31-Mar-99	341,975.55	-	341,975.55	-	273,338.49	-
30-Apr-99	343,429.66	-	343,429.66	-	274,946.22	-
31-May-99	344,893.12	-	344,893.12	-	276,607.55	-
30-Jun-99	346,366.03	-	346,366.03	-	278,215.28	-
31-Jul-99	347,848.48	-	347,848.48	-	279,876.61	-
31-Aug-99	331,793.90	349,340.54	331,793.90	349,340.54	263,991.29	281,537.93
30-Sep-99	324,798.83	-	324,798.83	-	265,553.54	-
31-Oct-99	326,179.91	-	326,179.91	-	267,167.87	-
30-Nov-99	327,569.87	-	327,569.87	-	268,730.12	-
31-Dec-99	328,968.79	-	328,968.79	-	270,344.44	-
31-Jan-2000	330,376.78	-	330,376.78	-	271,958.76	-
29-Feb-2000	311,830.28	331,793.90	311,830.28	331,793.90	253,505.32	273,468.94
31-Mar-2000	305,256.10	-	305,256.10	-	255,055.52	-

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$)	C2 (US$)
30-Apr-2000	306,554.07	-	306,554.07	-	256,555.72	-
31-May-2000	307,860.40	-	307,860.40	-	258,105.92	-
30-Jun-2000	309,175.16	-	309,175.16	-	259,606.12	-
31-Jul-2000	310,498.42	-	310,498.42	-	261,156.32	-
31-Aug-2000	289,588.49	311,830.28	289,588.49	311,830.28	240,464.73	262,706.52
30-Sep-2000	283,483.22	-	283,483.22	-	241,887.75	-
31-Oct-2000	284,688.62	-	284,688.62	-	243,358.21	-
30-Nov-2000	285,901.77	-	285,901.77	-	244,781.24	-
31-Dec-2000	287,122.75	-	287,122.75	-	246,251.69	-
31-Jan-2001	288,351.63	-	288,351.63	-	247,722.15	-
28-Feb-2001	265,191.16	289,588.49	265,191.16	289,588.49	224,652.98	249,050.31
31-Mar-2001	259,600.25	-	259,600.25	-	226,026.75	-
30-Apr-2001	260,704.09	-	260,704.09	-	227,356.20	-
31-May-2001	261,815.04	-	261,815.04	-	228,729.97	-
30-Jun-2001	262,933.15	-	262,933.15	-	230,059.42	-
31-Jul-2001	264,058.50	-	264,058.50	-	231,433.19	-
31-Aug-2001	238,746.32	265,191.16	238,746.32	265,191.16	206,362.12	232,806.96
30-Sep-2001	233,712.93	-	233,712.93	-	207,583.33	-
31-Oct-2001	234,706.70	-	234,706.70	-	208,845.25	-
30-Nov-2001	235,706.86	-	235,706.86	-	210,066.46	-
31-Dec-2001	236,713.48	-	236,713.48	-	211,328.38	-
31-Jan-2002	237,726.61	-	237,726.61	-	212,590.29	-
28-Feb-2002	210,348.74	238,746.31	210,348.74	238,746.31	185,332.52	213,730.09
31-Mar-2002	205,914.05	-	205,914.05	-	186,465.84	-
30-Apr-2002	206,789.62	-	206,789.62	-	187,562.61	-
31-May-2002	207,670.82	-	207,670.82	-	188,695.93	-
30-Jun-2002	208,557.70	-	208,557.70	-	189,792.69	-
31-Jul-2002	209,450.32	-	209,450.32	-	190,926.01	-
31-Aug-2002	180,081.26	210,348.75	180,081.26	210,348.75	161,791.84	192,059.33
30-Sep-2002	176,284.68	-	176,284.68	-	162,749.29	-
31-Oct-2002	177,034.26	-	177,034.26	-	163,738.66	-
30-Nov-2002	177,788.66	-	177,788.66	-	164,696.11	-
31-Dec-2002	178,547.93	-	178,547.93	-	165,685.48	-
31-Jan-2003	179,312.11	-	179,312.11	-	166,674.85	-
28-Feb-2003	148,015.79	180,081.26	148,015.79	180,081.26	135,503.00	167,568.47
31-Mar-2003	144,895.24	-	144,895.24	-	136,331.61	-
30-Apr-2003	145,511.35	-	145,511.35	-	137,133.49	-
31-May-2003	146,131.42	-	146,131.42	-	137,962.10	-

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$)	C2 (US$)
30-Jun-2003	146,755.49	-	146,755.49	-	138,763.99	-
31-Jul-2003	147,383.60	-	147,383.60	-	139,592.60	-
31-Aug-2003	114,214.45	148,015.79	114,214.45	148,015.79	106,619.87	140,421.21
30-Sep-2003	111,806.52	-	111,806.52	-	107,250.82	-
31-Oct-2003	112,281.93	-	112,281.93	-	107,902.81	-
30-Nov-2003	112,760.40	-	112,760.40	-	108,533.76	-
31-Dec-2003	113,241.96	-	113,241.96	-	109,185.75	-
31-Jan-2004	113,726.63	-	113,726.63	-	109,837.74	-
29-Feb-2004	78,730.40	114,214.45	78,730.40	114,214.45	74,963.61	110,447.66
31-Mar-2004	77,070.56	-	77,070.56	-	75,422.02	-
30-Apr-2004	77,398.27	-	77,398.27	-	75,865.64	-
31-May-2004	77,728.09	-	77,728.09	-	76,324.05	-
30-Jun-2004	78,060.04	-	78,060.04	-	76,767.67	-
31-Jul-2004	78,394.13	-	78,394.13	-	77,226.08	-
31-Aug-2004	41,506.10	78,730.40	41,506.10	78,730.40	40,460.19	77,684.49
21-Sep-2004	40,627.79	40,627.79	40,627.79	40,627.79	40,627.79	40,627.79

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 114,160.71 plus (b) the amount of Yen equal to U.S. Dollars 40,627.79 converted into Yen at the Specified Exchange Rate.