0-264A031

17015 C

RECORDATION NO _____ FILED 1425

SEP 21 1990 -10 55 AM

17015 B

RECORDATION NO _____ FILED 1425

SEP 21 1990 -10 55 AM

MORGAN, LEWIS & BOCKIUS

COUNSELORS AT LAW

2000 ONE LOGAN SQUARE

PHILADELPHIA, PENNSYLVANIA 19103-6993

TELEPHONE (215) 963-5000

TELECOPIER (215) 963-5299

TELEX 83-1215

PHILADELPHIA
LOS ANGELES
MIAMI
HARRISBURG

WASHINGTON
NEW YORK
SAN DIEGO
LONDON

REBECCA A CRAFT
DIAL DIRECT (215) 963-5257

17015 D

RECORDATION NO _____ FILED 1425

SEP 21 1990 -10 55 AM

17015 E

RECORDATION NO _____ FILED 1425

SEP 21 1990 -10 55 AM

17015 A

RECORDATION NO _____ FILED 1425

SEP 21 1990 -10 55 AM

September 21, 1990

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

17015

RECORDATION NO _____ FILED 1425

SEP 21 1990 -10 55 AM

Re: Lease of Locomotives from NBB Omaha 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 Omaha 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 Omaha Lease Co., Ltd., as mortgagor, and The Sumitomo Bank, Limited, New York Branch, as mortgagee.

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

Shannon J. Wardford

Counterparts

The enclosed secondary documents are:

(1) Lease Supplement No. 1, dated as of September 21, 1990, between NBB Omaha 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 Omaha 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 Omaha 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 Omaha 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 Omaha 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 Omaha Lease Co., Ltd.
1-12-11 Nihonbashi, Chuo-ku
Tokyo 103, Japan

Mortgage, Assignment and Security Agreement

Mortgagor:
NBB Omaha 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 Omaha 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 Omaha 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

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

> Thirty General Electric Dash 8-40C diesel electric locomotives each marked on the sides in letters not less than one inch in height with the words "Ownership Subject to Documents Filed with the Interstate Commerce Commission" and bearing a nameplate with the legible inscription 'TITLE TO THIS LOCOMOTIVE IS HELD BY NBB OMAHA 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" and bearing the road numbers 9356 through 9379, inclusive, and 9396 through 9401, inclusive.

Included in the property covered by the Mortgage, Assignment and Security Agreement are thirty (30) General Electric Dash 8-40C diesel electric locomotives and all additions, alterations and modifications thereto or replacements thereof and certain rights of NBB Omaha Lease Co., Ltd. in the Lease Agreement, dated as of September 21, 1990, between NBB Omaha Lease Co., Ltd., as lessor, and Union Pacific Railroad Company, as lessee, and the Assignment Agreement, dated as of September 21, 1990, between Union Pacific Railroad Company, as assignor, and NBB Omaha Lease Co., Ltd., as assignee.

Included in the collateral covered by the Bank Security Agreement are certain payments to be made in U.S. Dollars by Union Pacific Railroad Company, as lessee, to NBB Omaha Lease Co., Ltd., as lessor, in respect of the thirty (30) General Electric Dash 8-40C diesel electric locomotives.

Included in the property covered by the Lessor Security Agreement are thirty (30) 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 Omaha 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 Omaha 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 thirty (30) General Electric Dash 8-40C diesel electric locomotives bearing road numbers 9356 through 9379 inclusive, and 9396 through 9401, inclusive.

2) Lease Supplement No. 1:
Lease Supplement No. 1, dated as of September 21, 1990 between NBB Omaha 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 thirty (30)

General Electric Dash 8-40C diesel electric locomotives bearing road numbers 9356 through 9379 inclusive, and 9396 through 9401, 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 Omaha Lease Co., Ltd., assignee, 1-12-11 Nihonbashi, Chuo-ku, Tokyo 103, Japan, relating to the purchase of thirty (30) General Electric Dash 8-40C diesel electric locomotives bearing road numbers 9356 through 9379 inclusive, and 9396 through 9401, inclusive.

4) Mortgage, Assignment and Security Agreement:
Mortgage, Assignment and Security Agreement, dated as of September 21, 1990, between NBB Omaha 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 thirty (30) General Electric Dash 8-40C diesel electric locomotives.

5) Bank Security Agreement:
Bank Security Agreement, dated as of September 21, 1990, between NBB Omaha 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 thirty (30) General Electric Dash 8-40C diesel electric locomotives.

6) Lessor Security Agreement:
Lessor Security Agreement, dated as of September 21, 1990 between NBB Omaha 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 thirty (30) General Electric Dash 8-40C diesel electric locomotives bearing road numbers 9356 through 9379, inclusive, and 9396 through 9401, inclusive.

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

Very truly yours,

Rebecca A. Craft

RAC/dlm
Enclosures

17015-E
RECORDATION NO. _____ FILED 1425
SEP 21 1990 -10 55 AM

LESSOR SECURITY AGREEMENT

Between

NBB OMAHA LEASE CO., LTD.,
as Lessor

and

UNION PACIFIC RAILROAD COMPANY,
as Lessee

Dated as of September 21, 1990

Thirty General Electric Dash 8-40C
Diesel Electric Locomotives

Filed with the Interstate Commerce Commission pursuant to
49 U.S.C. § 11303 on _____, 1990, at _____,
recordation number _____.

LESSOR SECURITY AGREEMENT

This LESSOR SECURITY AGREEMENT (the "Agreement"), dated as of September 21, 1990, by and between NBB OMAHA LEASE CO., LTD., a corporation formed under the laws of Japan (together with its successors and permitted assigns, the "Lessor"), and UNION PACIFIC RAILROAD COMPANY, a Utah corporation (together with its successors and permitted assigns, the "Lessee"),

W I T N E S S E T H:

WHEREAS, simultaneously with the execution and delivery of this Agreement, the Lessor and the Lessee are entering into the Lease (such term and other capitalized terms used in these recitals having the meanings specified in Section 1 hereof) whereby the Lessor has agreed to lease to the Lessee, and the Lessee has agreed to lease from the Lessor, the Items of Equipment, subject to the terms and conditions of the Lease; and

WHEREAS, the Lessor has, under the terms of Sections 9, 10, 15 and 19 of the Lease, granted to the Lessee the option to purchase the Items of Equipment upon satisfaction of the conditions for such purchase set forth therein; and

WHEREAS, to induce the Lessee to enter into the Lease, the Lessor desires by this Agreement to grant to the Lessee a security interest in all of the Lessor's right, title and interest in and to the Items of Equipment (subject and subordinate to the security interest and other rights in the Items of Equipment granted to the Agent under the Mortgage) to secure the prompt and faithful performance and observance of the Lessor's obligations hereunder and under the Lease;

NOW, THEREFORE, in consideration of the premises and of the covenants herein contained and of other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

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

Section 2. Grant of Security Interest.

NOW, THEREFORE, in order to secure the due and punctual transfer by the Lessor to the Lessee of all of the Lessor's right, title and interest in and to the Items of Equipment in accordance with Sections 9(e)(iv), 10(a)(ii), 15(b) and (c) and 19 of the Lease (or, alternatively, if the Lessor shall then be the subject of any bankruptcy, insolvency or similar proceeding, to satisfy any claim arising out of the rejection or unilateral termination of such obligation to transfer all of its right, title and interest in and to the Items of Equipment) and the prompt and faithful performance of Lessor's obligations hereunder, and in consideration of the premises and covenants herein contained, the Lessor has granted, assigned, transferred and pledged to the Lessee and created in favor of the Lessee a security interest in, and does hereby grant, assign, transfer and pledge to the Lessee and create in favor of the Lessee a security interest in, all of the Lessor's right, title and interest in and to the Items of Equipment, including all such items and types of property which hereafter become a part of the Items of Equipment by operation of law or any agreement, all documents of title, certificates of title, bills of sale and purchase orders (including the Purchase Agreement) relating to the foregoing, all books, records and documents related to the foregoing and all proceeds thereof (all of which shall be included in the term "LSA Collateral").

SUBJECT AND SUBORDINATE to that certain Mortgage, Assignment and Security Agreement, dated as of September 21, 1990, from the Lessor in favor of the Agent for the ratable benefit of the Lenders (the "Mortgage"), for the duration thereof, and subject to the provisions of Section 10(a)(v) of the Participation Agreement.

TO HAVE AND TO HOLD the LSA Collateral unto the Lessee, its successors and assigns, for the uses and purposes set forth in this Agreement and subject to the terms and provisions set forth in this Agreement and the Mortgage.

The Lessee shall not be required or obligated in any manner to perform or fulfill any obligations of the Lessor under or pursuant to the Lease or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

Unless and until a Default shall have occurred and be continuing, the Lessor may in its own behalf exercise the rights, powers and privileges with respect to the LSA Collateral possessed by the Lessor under the Operative Documents.

Section 3. Certain Covenants of the Lessor. The Lessor hereby covenants and agrees as follows:

(a) Except as expressly permitted by Section 15 of the Lease, neither the Lessor nor anyone claiming solely through or under the Lessor,

other than the Agent or any Lender, shall interrupt or interfere with (i) the Lessee's quiet enjoyment, possession or use of the Items of Equipment, or (ii) the exercise of the Lessee's purchase rights with respect to the Items of Equipment under, or the passage to the Lessee of title to the Items of Equipment provided for by, Sections 9(e)(iv), 10(a)(ii), 15(b) and (c) and 19 of the Lease.

(b) The Lessor shall promptly, at its own expense, take such action as may be necessary duly to discharge any Lessor's Lien with respect to the Items of Equipment, title thereto or any interest therein or in the Lease if the same shall arise at any time.

(c) The Lessor's obligations under this Agreement shall be absolute, and unconditional and shall not be affected by any circumstances whatsoever, including, without limitation, any insolvency, bankruptcy, reorganization or similar proceedings by or against the Lessor.

(d) The Lessor shall duly and promptly execute and deliver to the Lessee such further documents and assurances and take such further action as may from time to time be reasonably requested by the Lessee in order to carry out more effectively the intent and purpose of this Agreement.

(e) The Lessor will give the Lessee at least thirty (30) days' prior written notice of any change in the Lessor's name, identity, corporate structure, principal place of business or chief executive office or places where the Lessor keeps its records concerning the LSA Collateral which change would affect any filings previously made in any public registry with respect to the Lessee's rights hereunder. The Lessor will take all actions (or make arrangements to take such action substantially simultaneously with such change if it is impossible to take such action in advance of such change) reasonably requested by the Lessee to amend any such filings.

Section 4. Representations and Warranties of the Lessor. The Lessor repeats and reaffirms the representations and warranties set forth in Section 8 of the Participation Agreement, which are made a part hereof as though set out in full herein.

Section 5. Defaults. The following shall constitute a default ("Default") under this Agreement:

(a) the Lessee shall have exercised any of the purchase options referred to in Section 9(e)(iv), 10(a)(ii), 15(b) and (c) or 19 of the Lease, as the case may be, and shall have purchased the Items of Equipment in accordance with the terms thereof, and

(b) all right, title and interest of the Lessor therein and thereto shall not have been transferred to the Lessee in accordance with Section 9(e)(iv), 10(a)(ii), 15(b) and (c) or 19 of the Lease, as the case may be.

Section 6. Remedies.

(a) Upon the occurrence of any Default and at any time thereafter so long as the same shall be continuing, the Lessee may proceed to protect and enforce its rights by suit in equity, action at law or other appropriate proceeding, including, without limitation, specific performance, and may exercise any or all of the rights and powers and pursue any and all of the remedies provided under this Agreement. The remedies referred to in this Section 6 are not exclusive but shall be cumulative and in addition to any other remedy available to the Lessee at law or in equity.

(b) The Lessee may, at its option, declare this Agreement to be in default; and at any time thereafter the Lessee may retain or take possession of and take title to, by summary proceedings or otherwise, the Items of Equipment, and hold, use, operate, sell or otherwise dispose of, lease to others or keep idle such Items of Equipment as the Lessee, in its sole discretion, may determine, all free and clear of any rights or claims of the Lessor (but not of the Agent or the Lender if the Mortgage is then in effect), including, without limitation, any claim of title, and without any duty to account to the Lessor for such action or inaction or any proceeds with respect thereto.

(c) The parties agree that the transfer of all of the Lessor's right, title and interest in and to the Items of Equipment to the Lessee upon the Lessee's exercise of any of its purchase options and the purchase of the Items of Equipment in accordance with the provisions of Sections 9(e)(iv), 10(a)(ii), 15(b) and (c) and 19 of the Lease and the Lessor's obligation to execute and deliver bills of sale and other documents and instruments reasonably requested by the Lessee in order to evidence (on the public record or otherwise) the transfer and vesting of title, are essential to the transactions contemplated by the Operative Documents. The parties further agree that in the event that, notwithstanding such purchase, title failed to vest in the Lessee for any reason or the Lessor failed for any reason to perform such obligations, the Lessee's remedies at law would be incomplete and inadequate because, among other things, the Items of Equipment would cease to be marketable in the hands of the Lessee and the Lessee's damages would be incapable of ascertainment. It is therefore agreed that the Lessee shall be entitled to equitable relief to ensure that title so vests, including, without limitation, relief by way of an action for a declaratory judgment or otherwise to quiet title, or for specific performance, or an injunction. The Lessor hereby waives any and all objections to such equitable relief.

Section 7. Appointment of Attorney. The Lessor hereby irrevocably constitutes and appoints the Lessee and each of the duly authorized officers of the Lessee, upon the occurrence and during the continuance of a Default, as the true and lawful attorney-in-fact of the Lessor to exercise following any Default all or any of the powers of the Lessor in relation to the LSA Collateral and generally to do, execute and perform any act, deed, matter or thing relative to, the LSA Collateral (in the name of the Lessor or otherwise) as fully and effectually as the Lessor could

do, including, without limitation, to perform any of the Lessor's obligations referred to in Sections 9(e)(iv), 10(a)(ii), 15(b) and (c) and 19 of the Lease to execute a bill of sale transferring title to the Lessee or take any other action for the purpose of transferring title in the Items of Equipment to the Lessee; provided, however, that neither the Lessee nor any of its officers shall have any obligation whatsoever to exercise any of such powers hereby conferred. The Lessor hereby ratifies and confirms all that the said attorney-in-fact or any substitute shall lawfully do or cause to be done in furtherance of the foregoing.

Section 8. Waivers. The Lessor hereby waives to the extent not prohibited by applicable law (i) all presentments, demands for performance, notices of nonperformance (except to the extent required by the provisions hereof), protests and notices of protest, and (ii) any requirement of diligence or promptness on the part of the Lessee in the enforcement of its rights under the provisions of this Agreement, and (iii) any defense of any kind which it may now or hereafter have with respect to its liability under this Agreement.

Section 9. Course of Dealing. No course of dealing between the Lessee and the Lessor shall operate as a waiver of any of the Lessee's rights under this Agreement. No delay or omission on the part of the Lessee in exercising any right under this Agreement shall operate as a waiver of such right or any other right hereunder. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. No such waiver or consent shall be binding unless it is in writing and signed by both parties hereto.

Section 10. Marshaling, etc. The Lessee shall not be required to make any demand upon or pursue or exhaust any of its rights or remedies against the Lessor or any other Person, or to pursue or exhaust any of its rights or remedies with respect to any of the LSA Collateral or any other security therefor, or any direct or indirect guarantee thereof. The Lessee shall not be required to marshal the LSA Collateral or any other security for or any guarantee of the Lessor's obligations or to resort to the LSA Collateral or any other security or any such guarantee in any particular order and all of its rights hereunder shall be cumulative. The Lessor hereby agrees to waive, and does hereby absolutely and irrevocably waive and relinquish the benefit and advantage of, and does hereby covenant not to assert against the Lessee, any valuation, stay, appraisement, extension or redemption laws now existing or which may hereafter exist which, but for this provision, might be applicable to any sale made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Agreement or otherwise based on this Agreement or in respect of any LSA Collateral. Without limiting the generality of the foregoing, the Lessor hereby agrees that it will not invoke or utilize any law which might cause delay in or impede the enforcement of the rights under this Agreement of the Lessee, and hereby waives the same. In addition, the Lessor hereby waives any right to prior notice (except to the extent expressly provided in this Agreement) or judicial hearing in connection with the taking of possession or the disposition of any LSA Collateral.

Section 11. Title Instruments. At any time after the occurrence and during the continuance of a Default, at the request of the Lessee, the Lessor shall promptly execute and deliver to the Lessee such instruments of title and other documents as the Lessee reasonably may deem necessary or advisable to enable the Lessee or an agent or representative designated by the Lessee, at such time or times and place or places as the Lessee may specify, to obtain possession of all or any part of the LSA Collateral to whose possession the Lessee shall at the time be entitled hereunder. If the Lessor shall for any reason fail to execute and deliver such instruments and documents after such request by the Lessee, the Lessee may (a) obtain a judgment conferring on the Lessee the right to immediate possession and requiring the Lessor to deliver such instruments and documents to the Lessee (to the entry of which judgment the Lessor hereby specifically consents), and (b) to the extent permitted by applicable law, pursue all or any part of such LSA Collateral wherever it may be found and may enter any of the premises of the Lessor wherever such LSA Collateral may be or be supposed to be and search for such LSA Collateral and take possession of and remove such LSA Collateral. All expenses of obtaining such judgment or of pursuing, searching for and taking such property shall be paid by Lessor and, until paid, shall be secured by the Lien of this Agreement.

Section 12. Sale of the LSA Collateral. At any time after the occurrence and during the continuance of a Default, any item of the LSA Collateral may be sold for cash or other value in any number of lots at public or private sale without demand, advertisement or notice (except only that the Lessee shall give the Lessor 10 days' prior written notice of the time and place of any public sale, or the time after which a private sale may be made, which notice the Lessor and the Lessee hereby agree to be reasonable). At any sale or sales of the LSA Collateral (except to the extent prohibited by applicable law which cannot be waived) the Lessee or any of its officers acting on its behalf or assigns may bid for and purchase the whole or any part of the property and rights so sold and upon compliance with the terms of such sale may hold, exploit and dispose of such property and rights without further accountability to the Lessor.

Section 13. Miscellaneous.

(a) Termination of this Assignment. This Agreement shall terminate and shall be of no further force and effect upon the earlier to occur of (a) the expiration of the Lessee's option to purchase the Items of Equipment pursuant to Sections 9(e)(iv), 10(a)(ii), 15(b) and (c) and 19 of the Lease, and (b) the transfer by the Lessor to the Lessee of all of the Lessor's right, title and interest in and to the Items of Equipment in accordance with the terms hereof and of Sections 9(e)(iv), 10(a)(ii), 15(b) and (c) or 19 of the Lease, as the case may be.

(b) Sale by Lessee Binding. Any sale or other conveyance of the LSA Collateral or any part thereof by the Lessee made pursuant to the terms of this Agreement shall be effective to transfer or convey all right, title and interest of the Lessee and the Lessor in and to the LSA Collateral or such part thereof. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Lessee. In the event of any such sale, the Lessor shall execute any and all such bills of sale and other documents, and perform and do all other acts and things requested by the Lessee in order to permit consummation of such sale and to effectuate the transfer or conveyance referred to in the first sentence of this Section 13(b); provided that no such act or thing requested of the Lessor hereunder shall be inconsistent with or enlarge the Lessor's obligations respecting transfer of title to the Items of Equipment beyond the requirements imposed on the Lessor under Sections 9(e)(iv), 10(a)(ii), 15(b) and (c) and 19 of the Lease.

(c) Benefit of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any person other than the Lessee and any assignee of the Lessee any legal or equitable right, remedy or claim under or in respect of this Agreement.

(d) 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, declaration, 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 (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.

(e) Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be

ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(f) Successors and Assigns. The Lessee may assign, in whole or in part, all of its rights, interests and benefits hereunder and in and to the Lease and the Items of Equipment, as provided herein or in any other Operative Document. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Lessee and its successors and permitted assigns, and the Lessor and its successors and assigns, all as herein provided.

(g) Governing Law. This Agreement shall in all respects be governed by the law of the State of New York, including all matters of construction, validity and performance (but excluding the laws applicable to conflicts or choice of law).

(h) Lessee Covenants. This Agreement is subject and subordinate in all respects to the Mortgage and the Bank Security Agreement and that, except as otherwise permitted by Section 19(e) of the Participation Agreement, during the Security Period the Lessee will not exercise any rights or remedies with respect to the Items of Equipment provided under this Agreement without first obtaining the written consent of the Agent. The Lessee will not change, modify, amend or waive any provision of this Agreement without the prior written consent of the Agent so long as the Lien of the Mortgage has not been released.

Section 14. Counterparts. This Agreement may be executed in several counterparts, each of which is an original but all of which together constitute one and the same instrument.

Section 15. Service of Process.

(a) Each of the Lessor and the Lessee irrevocably submits to the non-exclusive jurisdiction of each of a court of competent jurisdiction in the State of New York, the United States District Court for the Southern District of New York, the Tokyo District Court of Japan and other courts of the State of New York, the United States or Japan with jurisdiction to hear appeals from any such court for the purposes of any suit, action or other proceedings of any type whatsoever arising out of this Agreement or the subject matter hereof or any of the transactions contemplated hereby, and to the extent permitted by applicable law hereby waives, and agrees not to assert by way of motion, as a defense or otherwise in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of the above named courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court. The Lessor has designated and appointed Babcock &

Brown, Incorporated, with offices on the date hereof at 599 Lexington Avenue, New York, New York 10022, to receive for it and on its behalf service of process in any proceedings arising hereunder in New York. The Lessee has designated and appointed Kelley Drye & Warren, with offices on the date hereof at 101 Park Avenue, New York, New York 10178, to receive for it and on its behalf service of process in any proceedings arising hereunder. The Lessee hereby irrevocably designates and appoints the Tokyo office of the Lessee, with offices on the date hereof at 4th Floor Satoh Building, 1-19-4 Hamamatsu-cho, Minato-ku, Tokyo 105 Japan, to receive for it and on its behalf service of process in any proceeding arising hereunder in Japan. Each of the Lessor and the Lessee further covenants and agrees that so long as it retains any right or interest in and to this Agreement, it shall maintain a duly appointed agent for service of summonses or other legal process in the State of New York or Tokyo, Japan, as the case may be. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.

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

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their respective officers or attorneys-in-fact thereunto duly authorized as of the day and year first above written.

NBB OMAHA LEASE CO., LTD.
Lessor

By _____
Name: John Fahy
Title: Attorney-in-Fact

UNION PACIFIC RAILROAD COMPANY
Lessee

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 Omaha 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 26, 1992

Member, Pennsylvania Association of Notaries

COMMONWEALTH OF PENNSYLVANIA:

SS

COUNTY OF PHILADELPHIA :

On this, the 20th 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. McDOWELL, NOTARY PUBLIC
PHILADELPHIA, PHILADELPHIA COUNTY
MY COMMISSION EXPIRES OCT 26, 1992

Member, Pennsylvania Association of Notaries

UNION PACIFIC RAILROAD COMPANY
NBB OMAHA LEASE CO., LTD.
FINANCING OF THIRTY 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. 208124, 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 9356 through 9379, inclusive, and 9396 through 9401, 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 Omaha 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. $37,149,240, 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 6.6% 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. 7261609.