1-149A049 $75.00

MAY 29 1991 -12 45 PM
INTERSTATE COMMERCE COMMISSION

MORGAN, LEWIS & BOCKIUS
COUNSELORS AT LAW
2000 ONE LOGAN SQUARE
PHILADELPHIA, PENNSYLVANIA 19103-6993
TELEPHONE (215) 963-5000
FAX (215) 963-5299

PHILADELPHIA
LOS ANGELES
MIAMI
LONDON
FRANKFURT
WASHINGTON
NEW YORK
HARRISBURG
SAN DIEGO
BRUSSELS
TOKYO

STEPHEN A. JANNETTA
DIAL DIRECT (215) 963-5092

17349/C
17349/A
17349/B
17349

May 29, 1991

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

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

Dear Mr. Strickland:

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

The enclosed primary documents are:

(1) Lease Agreement (Conrail 1991-C), dated as of May 29, 1991, between Hollidaysburg Locomotive Lease Co., Ltd., as lessor, and Consolidated Rail Corporation, as lessee.

(2) Trust Indenture and Security Agreement (Conrail 1991-C), dated as of May 29, 1991, among Hollidaysburg Locomotive Lease Co., Ltd., as lessor, Consolidated Rail Corporation, as lessee, and U.S. Trust Company of California, N.A., as indenture trustee.

The enclosed secondary documents are:

(1) Lease Supplement No. 1 (Conrail 1991-C), dated as of May 29, 1991, between Hollidaysburg Locomotive Lease Co., Ltd., as

C Dunlap
Karen Butler

lessor, and Consolidated Rail Corporation, as lessee. The primary document to which this Lease Supplement is connected is being submitted for recording concurrently herewith.

(2) Assignment Agreement (Conrail 1991-C), dated as of May 29, 1991, between Consolidated Rail Corporation, as assignor, and Hollidaysburg Locomotive Lease Co., Ltd., as assignee. The primary document to which this Assignment Agreement is connected is being submitted for recording concurrently herewith.

(3) Indenture Supplement (Conrail 1991-C), dated as of May 29, 1991 among Hollidaysburg Locomotive Lease Co., Ltd., as lessor, Consolidated Rail Corporation, as lessee, and U.S. Trust Company of California, N.A., as indenture trustee. The primary document to which this Trust Indenture Supplement 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:
Hollidaysburg Locomotive Lease Co., Ltd.
Caledonian House
Mary Street
P. O. Box 1043
George Town, Grand Cayman
Cayman Islands

Lessee:
Consolidated Rail Corporation
Six Penn Center Plaza
Philadelphia, Pennsylvania 19103

Lease Supplement No. 1

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

Lessee:
Consolidated Rail Corporation
Six Penn Center Plaza
Philadelphia, Pennsylvania 19103

Assignment Agreement

Assignor:
Consolidated Rail Corporation
Six Penn Center Plaza
Philadelphia, Pennsylvania 19103

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

Trust Indenture and Security Agreement

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

Lessee:
Consolidated Rail Corporation
Six Penn Center Plaza
Philadelphia, Pennsylvania 19103

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

Indenture Supplement

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

Lessee:
Consolidated Rail Corporation
Six Penn Center Plaza
Philadelphia, Pennsylvania 19103

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

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

Ten General Electric Dash 8-40CW diesel electric locomotives each marked on the sides in letters not less than one inch in height with the words "Ownership Subject to Documents Filed with the Interstate Commerce Commission" and bearing a nameplate with the legible inscription "TITLE TO THIS LOCOMOTIVE IS HELD BY HOLLIDAYSBURG LOCOMOTIVE LEASE CO., LTD., THE LESSOR, WHICH HAS LEASED THIS LOCOMOTIVE TO CONSOLIDATED RAIL CORPORATION AND SUCH TITLE IS SUBJECT TO A SECURITY

INTEREST IN FAVOR OF U.S. TRUST COMPANY OF CALIFORNIA, N.A., AS INDENTURE TRUSTEE" and bearing road numbers 6140 through 6149, both inclusive.

Included in the property covered by the Trust Indenture and Security Agreement are (i) ten (10) General Electric Dash 8-40CW diesel electric locomotives and all additions, alterations and modifications thereto or replacements of any part thereof, whenever made or performed or acquired and all other items of tangible personal property of any kind acquired by Hollidaysburg Locomotive Lease Co., Ltd. in connection with the acquisition of the aforementioned locomotives, in each case whether acquired at the time of acquisition or thereafter acquired pursuant to the Lease or otherwise, (ii) certain rights of Hollidaysburg Locomotive Lease Co., Ltd. in the Lease Agreement (Conrail 1991-C), dated as of May 29, 1991, between Hollidaysburg Locomotive Lease Co., Ltd., as lessor, and Consolidated Rail Corporation, as lessee, and the Assignment Agreement (Conrail 1991-C), dated as of May 29, 1991, between Consolidated Rail Corporation, as assignor, and Hollidaysburg Locomotive Lease Co., Ltd., as assignee, (iii) a bank account of Hollidaysburg Locomotive Lease Co., Ltd. at UST California, N.A. and all amounts therein and (iv) all right, title and interest of Hollidaysburg Locomotive Lease Co., Ltd. in and to all proceeds, rents, issues, profits, products, revenues and other income, from and on account of the property rights and privileges subjected or required to be subjected to the lien of the Trust Indenture and Security Agreement.

A fee of Seventy-five dollars ($75.00) is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to:

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

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

1) Lease Agreement:
Lease Agreement (Conrail 1991-C), dated as of May 29, 1991, between Hollidaysburg Locomotive Lease Co., Ltd., as lessor, Caledonian House,

Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands and Consolidated Rail Corporation, as lessee, Six Penn Center Plaza, Philadelphia, Pennsylvania, 19103, covering ten (10) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6140 through 6149, both inclusive.

2) Lease Supplement No. 1:
Lease Supplement No. 1 (Conrail 1991-C), dated as of May 29, 1991, between Hollidaysburg Locomotive Lease Co., Ltd., as lessor, Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands and Consolidated Rail Corporation, as lessee, Six Penn Center Plaza, Philadelphia, Pennsylvania, 19103, covering ten (10) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6140 through 6149, both inclusive.

3) Assignment Agreement:
Assignment Agreement (Conrail 1991-C), dated as of May 29, 1991, between Consolidated Rail Corporation, as assignor, Six Penn Center Plaza, Philadelphia, Pennsylvania, 19103 and Hollidaysburg Locomotive Lease Co., Ltd., as assignee, Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands, relating to the purchase of ten (10) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6140 through 6149, both inclusive.

4) Trust Indenture and Security Agreement:
Trust Indenture and Security Agreement (Conrail 1991-C), dated as of May 29, 1991, between Hollidaysburg Locomotive Lease Co., Ltd., as lessor, Caledonian House, Mary Street, P.O. Box 1043, George

Town, Grand Cayman, Cayman Islands, and Consolidated Rail Corporation, as lessee, Six Penn Center Plaza, Philadelphia, PA 19103, and U.S. Trust Company of California, N.A., as indenture trustee, 555 South Flower Street, Suite 2700, Los Angeles, California, 90071, securing lessor's obligations relating to ten (10) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6140 through 6149, both inclusive.

5) Indenture Supplement: Indenture Supplement (Conrail 1991-C), dated as of May 29, 1991, between Hollidaysburg Locomotive Lease Co., Ltd., as lessor, Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands and Consolidated Rail Corporation, as lessee, Six Penn Center Plaza, Philadelphia, Pennsylvania, 19103, and U.S. Trust Company of California, N.A., as indenture trustee, 555 South Flower Street, Suite 2700, Los Angeles, California, 90071, securing lessor's obligations relating to ten (10) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6140 through 6149, both inclusive.

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

Very truly yours,

Stephen A. Jannetta

SAJ/wm
Enclosures

Interstate Commerce Commission

Washington, D.C. 20423

5/29/91

OFFICE OF THE SECRETARY

Stephen A. Jannetta
Morgan,Lewis & Bockius
2000 Logan Square
Philadelphia, PA. 19103-6993

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 5/29/91 at 12:45pm , and assigned recordation number(s). 17349, 17349-A, 17349-B, 17349-C & 17349-D

Sincerely yours,

Sidney L. Strickland, Jr.

Sidney L. Strickland, Jr.
Secretary

17349

MAY 29 1991 -12 45 PM

INTERSTATE COMMERCE COMMISSION

TRUST INDENTURE AND SECURITY AGREEMENT
(CONRAIL 1991-C)

May 29, 1991

among

HOLLIDAYSBURG LOCOMOTIVE LEASE CO., LTD.

CONSOLIDATED RAIL CORPORATION,

and

U.S. TRUST COMPANY OF CALIFORNIA, N.A.,
as Indenture Trustee

New Locomotives

Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on May 29, 1991 at _____ _.M. Recordation Number _____ and deposited in the Office of the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada on May __, 1991, at _____ _.M.

TABLE OF CONTENTS[1]

		Page
GRANTING CLAUSE		2
ARTICLE I	DEFINITIONS	6
1.01.	Certain Definitions	6
ARTICLE II	THE EQUIPMENT NOTES	6
2.01.	Form of Equipment Notes and Certificates of Participation	6
2.02.	Terms of Equipment Notes	13
2.03.	Payment from Indenture Estate Only	14
2.04.	Method of Payment	14
2.05.	Application of Payments to Principal Amount and Interest	15
2.06.	Termination of Interest in Indenture Estate	15
2.07.	Transfer of Equipment Notes	15
2.08.	Mutilated, Destroyed, Lost or Stolen Equipment Notes	17
2.09.	Payment of Transfer Taxes	17
2.10.	Prepayments; Notice of Prepayment	17
2.11.	Conversion of Equipment Notes to Certificates of Participation	19
2.12.	Equally and Ratably Secured	23
ARTICLE III	RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE INDENTURE ESTATE	23
3.01.	Basic Rent Distribution	23
3.02.	Payments in the Event of Prepayment	23
3.03.	Payments After Indenture Event of Default	24
3.04.	Other Payments	25

[1] This Table of Contents is not part of the Indenture and is for convenience of reference only.

		Page
ARTICLE IV	REMEDIES OF THE INDENTURE TRUSTEE UPON AN INDENTURE EVENT OF DEFAULT.....	26
4.01.	Indenture Events of Default.....	26
4.02.	Acceleration; Rescission and Annulment.....	28
4.03.	Remedies with Respect to Indenture Estate.....	28
4.04.	Waiver of Existing Defaults.....	32
ARTICLE V	DUTIES OF THE INDENTURE TRUSTEE.....	32
5.01.	Action Upon Indenture Event of Default.....	32
5.02.	Action Upon Instructions.....	33
5.03.	Indemnification.....	33
5.04.	No Duties Except as Specified in Indenture or Instructions.....	34
5.05.	No Action Except Under Lease, Indenture or Instructions.....	34
5.06.	Replacement Items of Equipment.....	35
5.07.	Indenture Supplements for Replacements.....	35
5.08.	Effect of Replacements.....	35
5.09.	Withholding Taxes.....	35
ARTICLE VI	THE INDENTURE TRUSTEE.....	36
6.01.	Acceptance of Trusts and Duties.....	36
6.02.	Absence of Duties.....	36
6.03.	No Representations or Warranties as to the Items of Equipment or Documents.....	36
6.04.	No Segregation of Moneys; No Interest; Investments.....	37
6.05.	Reliance; Agents; Advice of Counsel.....	38
6.06.	Not Acting in Individual Capacity.....	38
6.07.	No Compensation from Holders or Indenture Estate.....	39
ARTICLE VII	INDEMNIFICATION OF INDENTURE TRUSTEE....	39
7.01.	Scope of Indemnification.....	39

		Page
ARTICLE VIII	SUCCESSOR TRUSTEES.....	40
8.01.	Resignation of Indenture Trustee; Appointment of Successor.....	40
ARTICLE IX	SUPPLEMENTS AND AMENDMENTS TO THIS INDENTURE AND OTHER DOCUMENTS.....	42
9.01.	(a) Supplemental Indentures Without Consent of Holders.....	42
	(b) Supplemental Indentures With Consent of Majority In Interest...	43
9.02.	Indenture Trustee Protected.....	44
9.03.	Request of Substance, Not Form.....	44
9.04.	Documents Mailed to Holders.....	44
9.05.	Amendments, Waivers, etc. of Other Documents.....	44
ARTICLE X	ACKNOWLEDGMENT BY THE LESSEE; SUBORDINATION	48
10.01.	Acknowledgment by the Lessee.....	48
ARTICLE XI	FURTHER COVENANTS OF THE LESSOR.....	48
11.01.	Further Affirmative Covenants of the Lessor.....	48
11.02.	Further Negative Covenants of the Lessor.....	49
ARTICLE XII	THE LESSEE.....	50
12.01.	Maintenance of Corporate Existence.....	50
12.02.	Consolidation, Merger or Sale of Assets Permitted	50
12.03.	Annual Statements as to Compliance by the Lessee	51
12.04.	Lifting of Lessor's Liens.....	51

		Page
ARTICLE XIII	MISCELLANEOUS	52
13.01.	Release of Property	52
13.02.	No Legal Title to Indenture Estate in Holders	52
13.03.	Sale of Items of Equipment by Indenture Trustee Is Binding	52
13.04.	Remedies Cumulative	53
13.05.	Discontinuance of Proceedings	53
13.06.	Indenture and Equipment Notes for Benefit of Lessor, Indenture Trustee and Holders Only	53
13.07.	Notices	53
13.08.	Severability	55
13.09.	Separate Counterparts	55
13.10.	Successors and Assigns	55
13.11.	Headings	55
13.12.	Governing Law	56

EXHIBIT A FORM OF TRUST INDENTURE SUPPLEMENT
EXHIBIT B PURCHASERS OF EQUIPMENT NOTES
EXHIBIT C FORM OF ASSIGNMENT OF LESSOR'S INTEREST IN LEASE AND SUPPLEMENTAL INDENTURE

ANNEX A AMORTIZATION SCHEDULE

APPENDIX A DEFINITIONS

TRUST INDENTURE AND SECURITY AGREEMENT
(CONRAIL 1991-C)

This TRUST INDENTURE AND SECURITY AGREEMENT (CONRAIL 1991-C) dated as of May 29, 1991 (this "Indenture"), by and among Hollidaysburg Locomotive Lease Co., Ltd., a Cayman Island corporation (the "Lessor"), Consolidated Rail Corporation, a Pennsylvania corporation (the "Lessee"), and U.S. Trust Company of California, N.A., a national banking association, as Indenture Trustee hereunder and any successor appointed in accordance with the terms hereof (the "Indenture Trustee");

W I T N E S S E T H :

WHEREAS, concurrently with the execution and delivery of this Indenture, (i) the Lessor and the Lessee are entering into a Participation Agreement (Conrail 1991-C) (the "Equity Participation Agreement") pursuant to which the Lessor and the Lessee have agreed, subject to the terms and conditions set forth therein, to enter into the Lease, and (ii) the Lessor, the Lessee, U.S. Trust Company of California, N.A. (the "Pass Through Trustee"), as Trustee of the Consolidated Rail Corporation 1991-1 Pass Through Trust (the "Pass Through Trust"), and the Indenture Trustee are entering into a Debt Participation Agreement (Conrail 1991-C) (the "Debt Participation Agreement", collectively with the Equity Participation Agreement, the "Participation Agreements") pursuant to which the Pass Through Trustee, the Lessee, the Indenture Trustee and the Lessor have agreed, subject to the terms and conditions set forth therein, that the Pass Through Trustee, on behalf of the Pass Through Trust, will purchase the Equipment Notes (as defined herein) issued pursuant hereto;

WHEREAS, the Lessor, the Lessee and the Indenture Trustee desire by this Indenture, among other things, (i) to provide for the issuance by the Lessor of the Equipment Notes, and (ii) to provide for the assignment, mortgage and pledge by the Lessor to the Indenture Trustee, as part of the Indenture Estate hereunder, among other things, of, and the grant of a security interest in, certain of the Lessor's right, title and interest in and to the Items of Equipment and the Operative Documents and certain payments and other

amounts received thereunder, in accordance with the terms hereof, in trust, as security for, among other things, the Lessor's obligations for the equal and ratable benefit of the holders of the Equipment Notes; and

WHEREAS, all things necessary to make this Indenture the legal, valid and binding obligation of the Lessor, the Lessee and the Indenture Trustee, for the uses and purposes herein set forth, in accordance with its terms, have been done and performed and have happened.

GRANTING CLAUSE

NOW, THEREFORE, THIS TRUST INDENTURE AND SECURITY AGREEMENT WITNESSETH, that, to secure the prompt payment of the principal of and interest and premium, if any, on and all other amounts due with respect to, the Equipment Notes from time to time outstanding hereunder and the performance and observance by the Lessor of all the agreements, covenants and provisions herein and in the Equipment Notes all for the benefit of the holders of the Equipment Notes, and for the uses and purposes and subject to the terms and provisions hereof, and in consideration of the premises and of the covenants herein contained, and of the acceptance of the Equipment Notes by the Pass Through Trust, the Lessor does hereby sell, assign, transfer, convey, mortgage, pledge, and confirm unto the Indenture Trustee, its successors and assigns, for the security and benefit of the holders of the Equipment Notes from time to time, a security interest in and mortgage lien on all right, title and interest of the Lessor in and to the following described property, rights, interests and privileges (which collectively, including all property hereafter specifically subjected to the Lien of this Indenture by any instrument supplemental hereto, being herein called the "Indenture Estate"), to wit:

(i) the Items of Equipment including, without limitation, all additions, alterations or modifications thereto or replacements of any part thereof, whenever made or performed or acquired and all other items of tangible personal property of any kind acquired by the Lessor in connection with the acquisition of the Items of Equipment, in each case whether acquired at the time of acquisition of the Items of Equipment or thereafter acquired pursuant to the Lease or otherwise;

(ii) all right, title and interest of the Lessor in and to the Lease and the Assignment Agreement, other than (1) all right, title and interest of the Lessor in

and to all payments required to be paid in Yen by the Lessee under the Lease in respect of Basic Rent, Special Termination Payment and Purchase Price or Deficiency Payment, as the case may be, and (2) all right, title and interest of the Lessor in and to the Lease and the Assignment Agreement during the period during which an Indenture Event of Default shall not be continuing (it being understood and agreed that, except as otherwise provided in Article IV hereof, and in the Lease and any other Operative Documents, the Lessor may exercise all of its rights, powers and privileges under and enjoy all of the benefits of the Lease and the Assignment Agreement to the exclusion of the Indenture Trustee unless an Indenture Event of Default shall be continuing);

(iii) the Dollar Account and all amounts therein; provided that the Lessor has irrevocably instructed the banking institution that has established the Dollar Account to immediately transfer upon receipt thereof all amounts deposited in the Dollar Account to the Indenture Trustee for application as provided in this Indenture; and

(iv) all right, title and interest of the Lessor in and to all proceeds, rents, issues, profits, products, revenues and other income, from and on account of the property, rights and privileges subjected or required to be subjected to the Lien of this Indenture;

provided, that, notwithstanding the foregoing, the Indenture Estate shall not include, and the Indenture Trustee shall have no right, title or interest in or to any Excepted Interests.

(Concurrently with the delivery hereof, the Lessor is delivering to the Indenture Trustee the original executed counterpart of the Lease and Lease Supplement, and to each of the Lease and Lease Supplement is attached a chattel paper receipt.)

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Indenture Trustee, its successors and assigns, in trust for the benefit and security of the holders of the Equipment Notes from time to time, without any priority of any one Equipment Note over any other, and for the uses and purposes, and subject to the terms and provisions, set forth in this Indenture.

UPON CONDITION that, unless and until an Indenture Event of Default shall have occurred and be continuing, the Lessor shall be permitted, to the exclusion of the Indenture Trustee, to possess and use the Indenture Estate (other than the Dollar Payment Obligations and the Dollar Account) and exercise all rights with respect thereto, except (i) the Indenture Trustee shall also have the right to obtain from the Lessee information pursuant to Section 7(c)(ii) of the Lease as may be required to enable the Indenture Trustee to file any reports required to be filed by the Indenture Trustee with any governmental agency because of the Indenture Trustee's security interest in Items of Equipment; (ii) any copies of documents delivered pursuant to Section 7(e) must be delivered to both the Indenture Trustee and the Lessor; (iii) all statements to be filed or opinions to be delivered pursuant to Section 7(f) of the Lease shall be filed with and delivered to both the Indenture Trustee and the Lessor; (iv) the Indenture Trustee shall have the right to receive all documents and opinions of counsel relating to a Replacement Item of Equipment required to be delivered to the Lessor pursuant to Section 10(a)(i)(z) of the Lease; (v) the Indenture Trustee shall have the right to receive any (A) certificate from an insurance broker or (B) notification from any insurer or from the Lessee required to be delivered also to the Lessor pursuant to Section 11 of the Lease; (vi) the Indenture Trustee shall also have the right in Section 11 of the Lease to provide insurance (and be reimbursed by Lessee therefor) if the Lessee fails to maintain adequate insurance thereunder; (vii) the Indenture Trustee and the Lessor shall both have the right to inspect granted to the Lessor pursuant to Section 12 of the Lease; and (viii) notices of Lease Events of Default pursuant to Section 14(a), (b), (c), (d), (e) or (f) of the Lease may be given by either the Indenture Trustee or the Lessor.

It is expressly agreed that anything herein contained to the contrary notwithstanding, the Lessor shall remain liable under each of the Operative Documents to which it is a party to perform all of the obligations, if any, assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and the Indenture Trustee and the holders shall have no obligation or liability under any of the Operative Documents to which the Lessor is a party by reason of or arising out of this assignment, nor shall the Indenture Trustee (except as to the Indenture Trustee, if the Indenture Trustee shall have become the "Lessor" under the Lease) or the holders of Equipment Notes be required or obligated in any manner to perform or fulfill any obligations of the Lessor under or pursuant to any of the Operative Documents to which the Lessor is a party 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.

The Lessor does hereby constitute the Indenture Trustee the true and lawful attorney of the Lessor, irrevocably, with full power (in the name of the Lessor or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all monies and claims for monies due and to become due to the Lessor which are part of the Indenture Estate, under or arising out of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Indenture Trustee may deem to be necessary or advisable in the premises. The Lessor agrees that promptly on receipt thereof, it will transfer to the Indenture Trustee any and all monies from time to time received by it constituting part of the Indenture Estate, for distribution by the Indenture Trustee pursuant to this Indenture.

The Lessor agrees that at any time and from time to time, upon the written request of the Indenture Trustee, the Lessor will promptly and duly execute and deliver or cause to be executed and delivered any and all such further instruments and documents as the Indenture Trustee may reasonably request in order to obtain the full benefits of this assignment and of the rights and powers herein granted.

The Lessor does hereby warrant and represent that it has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as the assignment hereunder shall remain in effect, any of its right, title or interest hereby assigned, to anyone other than the Indenture Trustee, and that it will not, except as provided in or permitted by this Indenture, accept any payment from the Lessee constituting part of the Indenture Estate, or, except with respect to Excepted Interests, enter into an agreement amending or supplementing any of the Operative Documents, execute any waiver or modification of, or consent under the terms of any of the Operative Documents, settle or compromise any claim against the Lessee arising under any of the Operative Documents, or submit or consent to the submission of any dispute, difference or other matter arising under or in respect of any of the Operative Documents to arbitration thereunder.

The Lessor does hereby unconditionally agree with the Indenture Trustee and for the benefit of the Indenture Trustee and the Indenture Estate that the Lessor will not directly or indirectly create, incur, assume or suffer to exist any Lessor's Liens on or against any part of the Indenture Estate arising out of any act or omission of or claim against the Lessor, and the Lessor agrees that it will, at its own cost and expense, take such action as may be necessary to duly discharge and satisfy in full any such Lessor's Lien (by bonding or otherwise, so long as Lessee's operation and use of the Items of Equipment is not impaired); provided that the Lessor may contest any such Lessor's Lien in good faith by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of the Items of Equipment or any interest therein and do not interfere with the use, operation, or possession of the Items of Equipment by the Lessee under the Lease or the rights of the Indenture Trustee under this Indenture.

IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Certain Definitions. Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined shall have the meanings set forth in Appendix A hereto for all purposes of this Indenture. All references to articles, sections, clauses, schedules and appendices in this Indenture are to articles, sections, clauses, schedules and appendices in and to this Indenture unless otherwise indicated.

ARTICLE II

THE EQUIPMENT NOTES

Section 2.01. Form of Equipment Notes and Certificates of Participation. (a) The Equipment Notes shall be substantially in the form set forth below:

8.59% SERIES C EQUIPMENT NOTE

(Secured by, among others, Dollar Payment Obligations under a Lease with Consolidated Rail Corporation)

Issued in Connection with certain Railroad Locomotives

No. _____ New York, New York
$ _____

HOLLIDAYSBURG LOCOMOTIVE LEASE CO., LTD. (herein called the "Lessor") hereby promises to pay to _____, or registered assigns, the principal sum of $_____, in lawful currency of the United States of America, in installments payable on the dates set forth in Exhibit A hereto, commencing June 25, 1991 and thereafter to and including May 29, 2005, each such installment to be in an amount equal to the corresponding percentage (if any) of the remaining principal amount hereof set forth in Exhibit A hereto, together with interest thereon on the amount of such principal amount remaining unpaid from time to time from and including the date hereof until such principal amount shall be due and payable, payable on June 25, 1991 and on each March 25, June 25, September 25 and December 25 thereafter to the maturity date hereof at the rate of 8.59% per annum (computed on the basis of a 360-day year of twelve 30-day months). Interest on any overdue principal shall be paid from the due date thereof at the rate of interest applicable to this Equipment Note, payable on demand. No interest shall be payable under this Equipment Note on any overdue interest or premium, if any, hereon.

All payments of principal and interest and premium, if any, to be made hereunder and under the Trust Indenture and Security Agreement (Conrail 1991-C) dated as of May 29, 1991 as from time to time amended and supplemented (herein called the "Indenture", the defined terms therein not otherwise defined herein being used herein with the same meanings), among the Lessor, Consolidated Rail Corporation (the "Lessee") and U.S. Trust Company of California, N.A., as Indenture Trustee thereunder for the holder of this Equipment Note and the holders of other Equipment Notes outstanding thereunder (herein in such capacity called the "Indenture Trustee") shall be made only from the income and proceeds from the Indenture Estate and only to the extent that the Indenture Trustee shall have sufficient income or proceeds from the Indenture Estate to make such payments in accordance with the terms of Article III of the Indenture. Each holder hereof, by its acceptance of this Equipment Note, agrees that

it will look solely to the income and proceeds from the Indenture Estate to the extent available for distribution to the holder hereof as provided in the Indenture and that the Lessor is not and shall not be personally liable to the holder hereof for any amount payable under this Equipment Note or the Indenture.

Payments with respect to the principal amount hereof, premium, if any, and interest thereon shall be payable in U.S. Dollars in immediately available funds at the principal bond and trustee administration office of the Indenture Trustee, or as otherwise provided in the Indenture. Each such payment shall be made on the date such payment is due and, except for the last payment of principal hereof, without any presentment or surrender of this Equipment Note. Whenever the date scheduled for any payment to be made hereunder or under the Indenture shall not be a Business Day, then such payment need not be made on such scheduled date but may be made on the next succeeding Business Day with the same force and effect as if made on such scheduled date and (provided such payment is made on such next succeeding Business Day) no interest shall accrue on the amount of such payment from and after such scheduled date to the time of such payment on such next succeeding Business Day.

Each holder hereof, by its acceptance of this Equipment Note, agrees that each payment received by it hereunder shall be applied, first, to the payment of accrued but unpaid interest on this Equipment Note then due, second, to the payment of the unpaid principal amount of this Equipment Note then due, and third, to the payment of any premium then due.

This Equipment Note is one of the Equipment Notes referred to in the Indenture which have been or are to be issued by the Lessor pursuant to the terms of the Indenture. The Indenture Estate is held by the Indenture Trustee as security for the Equipment Notes. Reference is hereby made to the Indenture for a statement of the rights of the holder of, and the nature and extent of the security for, this Equipment Note, as well as for a statement of the terms and conditions of the trusts created by the Indenture, to all of which terms and conditions in the Indenture each holder hereof agrees by its acceptance of this Equipment Note.

This Equipment Note is not subject to redemption or prepayment except as provided in Sections 2.10, 3.02 and 3.03 of the Indenture. The holder hereof, by its acceptance of this Equipment Note, agrees to be bound by said provisions.

This Equipment Note is a registered Equipment Note and is transferable, as provided in the Indenture, only upon surrender of this Equipment Note for registration of transfer duly endorsed by, or accompanied by a written statement of transfer duly executed by, the registered holder hereof or his attorney duly authorized in writing. Prior to the due presentation for registration of transfer of this Equipment Note, the Lessor and the Indenture Trustee may deem and treat the registered holder of this Equipment Note as the absolute owner and holder hereof for the purpose of receiving payment of all amounts payable with respect hereto and for all other purposes and shall not be affected by any notice to the contrary.

THIS EQUIPMENT NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE TRANSFERRED IN VIOLATION OF SUCH ACT. THIS EQUIPMENT NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee by manual signature, this Equipment Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Lessor has caused this Equipment Note to be executed by one of its authorized officers as of the date hereof.

HOLLIDAYSBURG LOCOMOTIVE
LEASE CO., LTD.

By_____
Title:

[FORM OF INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Equipment Notes referred to in the within-mentioned Indenture.

U.S. TRUST COMPANY OF
CALIFORNIA, N.A.,
as Indenture Trustee

By_____
Authorized Signatory

[Here insert Annex A, Amortization Schedule]

(b) The Certificates of Participation (as defined in Section 2.11 hereof) shall be substantially in the form set forth below:

U.S. TRUST COMPANY OF CALIFORNIA, N.A.
CERTIFICATES OF PARTICIPATION DUE 2005

No. R- _____

Evidencing a Proportionate Interest of the Owner Hereof in a Lease, Including the Right to Receive the Dollar Payment Obligation to be Made by

CONSOLIDATED RAIL CORPORATION

INTEREST RATE: 8.59% MATURITY DATE: May 29, 2005 ORIGINAL CERTIFICATE DATE:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THIS IS TO CERTIFY THAT the registered owner identified above or registered assigns, as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a proportionate interest in the Dollar Payment Obligations (as defined in the Indenture referred to below) payable by the Consolidated Rail Corporation, as obligor (the "Lessee"), to U.S. Trust Company of California, N.A., as the assignee of the right to receive such Dollar Payment Obligations under that certain Lease Agreement referred in such Indenture.

The registered owner of this Certificate is entitled to receive the principal sum of $_____, in lawful currency of the United States of America, in installments payable on the date set forth in Exhibit A hereto, commencing _____ and thereafter to be to and including May 29, 2005, each such installment to be in an amount equal to the corresponding percentage (if any) of the remaining principal amount hereof set forth in Exhibit A hereto, together with interest thereon on the amount of such principal remaining unpaid from time to time from and including the date hereof until such principal amount shall be due and payable, payable on _____ and on each March 25, June 25, September 25 and December 25 thereafter to the maturity date hereof at the Interest Rate stated above (computed on the basis of a 360-day year of twelve 30-day months and calculated with respect to such initial date as accruing from _____ [last interest payment date under converted Equipment Note]). All such amounts of interest and principal payable hereunder shall be payable from the payments of Dollar Payment Obligations under the Lease.

The Dollar Payment Obligations evidenced by this Certificate, to the extent permitted by applicable law, shall bear interest on any part of the principal or interest which is past due at the rate stated above.

All payments of principal and interest and premium, if any, to be made hereunder and under the Trust Indenture and Security Agreement (Conrail 1991-C) dated as of May 29, 1991 as from time to time amended and supplemented (herein called the "Indenture", the defined terms therein not otherwise defined herein being used herein with the same meanings), originally among Hollidaysburg Locomotive Lease Co., Ltd. (the "Lessor"), the Lessee and U.S. Trust Company of California, N.A., as Indenture Trustee thereunder for the holder of this Certificate and the holders of other Certificates outstanding thereunder (herein in such capacity called the "Indenture Trustee") shall be made only from the income and proceeds from the Indenture Estate and only to the extent that the Indenture Trustee shall have sufficient income or proceeds from the Indenture Estate to make such payments in accordance with the terms of Article III of the Indenture. Each holder hereof, by its acceptance of this Certificate, agrees that it will look solely to the income and proceeds from the Indenture Estate to the extent available for distribution to the holder hereof as provided in the Indenture.

On _____ any and all interest the Lessor had in the Dollar Payment Obligations under the Lease

were transferred to the Indenture Trustee. Thereupon the Lessor's obligations under the Indenture and the equipment notes issued thereunder (the "Equipment Notes") were discharged and satisfied and the Equipment Notes then evidenced proportionate interest in the Dollar Payment Obligations. The Certificates were delivered in exchange for the Equipment Notes.

Payments with respect to the principal amount hereof, premium, if any, and interest thereon shall be payable in U.S. Dollars in immediately available funds at the principal bond and trustee administration office of the Indenture Trustee, or as otherwise provided in the Indenture. Each such payment shall be made on the date such payment is due and, except for the last payment of principal hereof, without any presentment or surrender of this Certificate. Whenever the date scheduled for any payment to be made hereunder or under the Indenture shall not be a Business Day, then such payment need not be made on such scheduled date but may be made on the next succeeding Business Day with the same force and effect as if made on such scheduled date and (provided such payment is made on such next succeeding Business Day) no interest shall accrue on the amount of such payment from and after such scheduled date to the time of such payment on such next succeeding Business Day.

Each holder hereof, by its acceptance of this Certificate, agrees that each payment received by it hereunder shall be applied, first, to the payment of accrued but unpaid interest on this Certificate then due, second, to the payment of the unpaid principal amount of this Certificate then due, and third, to the payment of any premium then due.

This Certificate is one of the Certificates of Participation referred to in the Indenture. The Indenture Estate is held by the Indenture Trustee as security for the Certificates. Reference is hereby made to the Indenture for a statement of the rights of the holder of, and the nature and extent of the security for, this Certificate, as well as for a statement of the terms and conditions of the trusts created by the Indenture, to all of which terms and conditions in the Indenture each holder hereof agrees by its acceptance of this Certificate.

This Certificate is not subject to redemption or prepayment except as provided in Sections 2.10, 3.02 and 3.03 of the Indenture. The holder hereof, by its acceptance of this Certificate, agrees to be bound by said provisions.

This Certificate is a registered Certificate and is transferable, as provided in the Indenture, only upon surrender of this Certificate for registration of transfer duly endorsed by, or accompanied by a written statement of transfer duly executed by, the registered holder hereof or his attorney duly authorized in writing. Prior to the due presentation for registration of transfer of this Certificate, the Lessor and the Indenture Trustee may deem and treat the registered holder of this Certificate as the absolute owner and holder hereof for the purpose of receiving payment of all amounts payable with respect hereto and for all other purposes and shall not be affected by any notice to the contrary.

THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE TRANSFERRED IN VIOLATION OF SUCH ACT. THIS CERTIFICATE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Indenture Trustee, acting pursuant to the Indenture, has caused this Certificate to be duly executed and delivered.

U.S. TRUST COMPANY OF CALIFORNIA,
N.A., as Indenture Trustee

By_____
Authorized Officer

Date:_____

[Here insert Annex A, Remaining Amortization Schedule]

Section 2.02. Terms of Equipment Notes. There shall be issued and delivered to the Pass Through Trust Equipment Notes in the principal amounts set forth in Exhibit B hereto, which shall evidence the loan made by the Pass Through Trust in connection with the purchase of the Items of Equipment by the Lessor, each such Equipment Note to be substantially in the form set forth in Section 2.01, with deletions and insertions as appropriate, duly authenticated by the Indenture Trustee and dated the Closing Date. The Pass Through Trust shall be entitled to receive a single

Equipment Note in a principal amount equal to the purchase price paid therefor by the Pass Through Trust pursuant to Section 2(b) of the Debt Participation Agreement.

The principal amount of and interest on each Equipment Note issued pursuant to the provisions of this Indenture shall be payable as set forth in the form thereof contained in Section 2.01 and Annex A. Interest accrued on the Equipment Notes shall be computed on the basis of a 360-day year of twelve 30-day months on the principal amount thereof remaining unpaid from time to time from and including the date thereof to but excluding the date of payment. The Lessor shall furnish to the Indenture Trustee a copy of each Equipment Note issued pursuant to the provisions of this Indenture.

Each Equipment Note outstanding hereunder shall be identical in respect of payment dates. All Equipment Notes shall be identical (including in respect of amortization schedules) except in respect of principal amount thereof.

No Equipment Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless it shall have been authenticated by or on behalf of the Indenture Trustee by manual signature.

Section 2.03. Payment from Indenture Estate Only. All payments to be made under the Equipment Notes and this Indenture shall be made only from the income and the proceeds from the Indenture Estate and only to the extent that the Indenture Trustee shall have received sufficient income or proceeds from the Indenture Estate to make such payments in accordance with the terms of Article III hereof. Each holder of an Equipment Note, by its acceptance of such Equipment Note, agrees that it will look solely to the income and proceeds from the Indenture Estate to the extent available for distribution to such holder as herein provided and that the Lessor is not and shall not be personally liable to the holder of any Equipment Note for any amount payable under such Equipment Note or this Indenture.

Section 2.04. Method of Payment. (a) The principal of and premium, if any, and interest on each Equipment Note will be payable in U.S. Dollars in immediately available funds at the principal corporate trust administration office of the Indenture Trustee or as otherwise directed in the manner provided herein. Notwithstanding the foregoing or any provision in any Equipment Note to the contrary, the Indenture Trustee will pay, or cause to be paid, if so requested by any holder of an Equipment Note by written notice to the

Lessor and the Indenture Trustee, all amounts payable by the Lessor hereunder to such holder or a nominee therefor either (i) by transferring by wire in immediately available funds to an account maintained by such holder with a bank in the United States the amount to be distributed to such holder or (ii) by mailing a check denominated in U.S. Dollars to such holder at such address as such holder shall have specified in such notice, in any case without any presentment or surrender of any Equipment Note, except that the holder of an Equipment Note shall surrender such Equipment Note to the Indenture Trustee upon payment in full of the principal amount of and interest on such Equipment Note and such other sums payable to such holder hereunder or under the Equipment Note.

(b) Whenever the date scheduled for any payment to be made hereunder or under any Equipment Note shall not be a Business Day, then such payment need not be made on such scheduled date but may be made on the next succeeding Business Day with the same force and effect as if made on such scheduled date and (provided such payment is made on such next succeeding Business Day) no interest shall accrue on the amount of such payment from and after such scheduled date to the time of such payment on such next succeeding Business Day.

Section 2.05. Application of Payments to Principal Amount and Interest. In the case of each Equipment Note, each payment of principal thereof and premium, if any, and interest thereon shall be applied, first, to the payment of accrued but unpaid interest on such Equipment Note then due thereunder, second, to the payment of the unpaid principal amount of such Equipment Note then due thereunder and third, to the payment of any premium then due thereon.

Section 2.06. Termination of Interest in Indenture Estate. A holder shall have no further interest in, or other right with respect to, the Indenture Estate when and if the principal amount of and interest on all Equipment Notes held by such holder and all other sums payable to such holder hereunder and under such Equipment Notes and under the Debt Participation Agreement shall have been paid in full.

Section 2.07. Transfer of Equipment Notes. The Indenture Trustee shall maintain at its corporate trust administration office at 65 Beaver Street, New York, New York 10005, or in the city in which the corporate trust office of a successor Indenture Trustee is located, a register for the purpose of registering transfers and exchanges of Equipment Notes. A holder of an Equipment Note intending to transfer such Equipment Note to a new payee, or to exchange any

Equipment Note or Equipment Notes held by it for an Equipment Note or Equipment Notes of a different denomination or denominations, may surrender such Equipment Note or Equipment Notes to the Indenture Trustee at such principal corporate trust administration office of the Indenture Trustee, together with a written request from such holder for the issuance of a new Equipment Note or Equipment Notes, specifying the denomination or denominations (each of which shall be not less than $1,000,000 or such smaller denomination as may be necessary due to the original issuance of Equipment Notes of the applicable maturity in an aggregate principal amount not evenly divisible by $1,000,000) of the same, and, in the case of a surrender for registration of transfer, the name and address of the transferee or transferees. Promptly upon receipt of such documents, the Lessor will issue, and the Indenture Trustee will authenticate, a new Equipment Note or Equipment Notes in the same aggregate principal amount and dated the same date or dates and of the same Series, with the same payment schedule, in the form set forth in Section 2.01 in the same maturity and bearing the same interest rate as, the Equipment Note or Equipment Notes surrendered, in such denomination or denominations and payable to such payee or payees as shall be specified in the written request from such holder. All Equipment Notes issued upon any registration of transfer or exchange of Equipment Notes shall be the valid obligations of the Lessor evidencing the same respective obligations, and entitled to the same security and benefits under this Indenture, as the Equipment Notes surrendered upon such registration of transfer or exchange. The Indenture Trustee shall make a notation on each new Equipment Note or Equipment Notes of the amount of all payments or prepayments of principal and interest previously made on the old Equipment Note or Equipment Notes with respect to which such new Equipment Note or Equipment Notes is or are issued. From time to time, the Indenture Trustee will provide the Lessor and the Lessee with such information as it may request as to the registered holders of Equipment Notes. The Lessor shall not be required to exchange any surrendered Equipment Notes as above provided during the 10-day period preceding the due date of any payment on such Equipment Notes.

Prior to the due presentment for registration of transfer of an Equipment Note, the Lessor and the Indenture Trustee may deem and treat the registered holder of such Equipment Note as the absolute owner and holder of such Equipment Note for the purpose of receiving payment of all amounts payable with respect to such Equipment Note and for all other purposes and shall not be affected by any notice to the contrary.

The Indenture Trustee will promptly notify the Lessor and the Lessee of each request for a registration of transfer of an Equipment Note. The Indenture Trustee will promptly cancel and destroy all Equipment Notes surrendered for transfer pursuant to this Section.

Section 2.08. Mutilated, Destroyed, Lost or Stolen Equipment Notes. If any Equipment Note shall become mutilated, destroyed, lost or stolen, the Lessor shall, upon the written request of the holder of such Equipment Note, issue, and the Indenture Trustee shall authenticate and deliver in replacement thereof, a new Equipment Note in the form set forth in Section 2.01, payable to the same holder in the same principal amount, dated the same date, of the same maturity, with the same payment schedule bearing the same interest rate and dated the same date as the Equipment Note so mutilated, destroyed, lost or stolen. If the Equipment Note being replaced has become mutilated, such Equipment Note shall be surrendered to the Indenture Trustee and forwarded to the Lessor by the Indenture Trustee. If the Equipment Note being replaced has been destroyed, lost or stolen, the holder of such Equipment Note shall furnish to the Lessor and the Indenture Trustee such security or indemnity as may be required by them to save the Lessor and the Indenture Trustee harmless and evidence satisfactory to the Lessor and the Indenture Trustee of the destruction, loss or theft of such Equipment Note and of the ownership thereof.

Section 2.09. Payment of Transfer Taxes. Upon the transfer of any Equipment Note or Equipment Notes pursuant to Section 2.07, the Lessor or the Indenture Trustee may require from the party requesting such new Equipment Note or Equipment Notes payment of a sum to reimburse the Lessor or the Indenture Trustee for, or to provide funds for the payment of, any tax or other governmental charge in connection therewith.

Section 2.10. Prepayments; Notice of Prepayment. (a) Unless (i) all right, title and interest of the Lessor in and to the Lease and the Items of Equipment shall have been conveyed to the Indenture Trustee and (ii) the Discharge and Conversion (as defined in Section 2.11 below) shall have occurred, both in accordance with Section 2.11 hereof, each Equipment Note shall be prepaid in whole by the Lessor on the Termination Date established as a result of a termination of the Lease pursuant to Section 9 or 15 thereof, together with accrued and unpaid interest to the date of such prepayment plus a premium in an amount equal to the Make-Whole Amount, if any, applicable on the date of such prepayment; provided that no Make-Whole Amount will be payable if such prepayment

is the result of a Lease Event of Default or Lessor's Event of Default.

(b) On the Termination Date with respect to any Item of Equipment established as the result of an Event of Loss pursuant to Section 10 of the Lease, the Lessor shall prepay an amount of the Equipment Notes equal to the sum of (i) as to principal thereof, an amount equal to the product obtained by multiplying the aggregate unpaid principal amount of all Equipment Notes on such Termination Date (after deducting therefrom the principal installment, if any, due on such Termination Date) by a fraction, the numerator of which shall be the Lessor's Cost of such Item or Items of Equipment and the denominator of which shall be the aggregate Lessor's Cost of all Items of Equipment included in the Indenture Estate immediately prior to such Termination Date, and (ii) as to interest, the aggregate amount of interest accrued and unpaid in respect of the principal amount to be prepaid pursuant to clause (i) above to but not including such Termination Date after giving effect to the application of the Dollar portion of any Basic Rent paid on or prior to such Termination Date, but without the payment of any premium or Make-Whole Amount.

(c) The Indenture Trustee shall give prompt notice of any prepayment of any of the Equipment Notes to all holders of the Equipment Notes to be prepaid pursuant to this Section 2.10 as soon as the Indenture Trustee shall have knowledge that such prepayment is to occur, which notice shall specify the principal amount of the Equipment Notes to be prepaid and the date of prepayment which date shall be not less than 25 days after the date of such notice; provided, however that if the Indenture Trustee receives any amount representing prepayment of the Equipment Notes pursuant to Section 2.10(a) prior to the Special Distribution Date (as defined in the Pass Through Trust Agreement) next succeeding such 25th day, it shall invest any such amount, at the written direction, and for the benefit of, the Lessee, and at Lessee's risk, in Specified Investments with a final maturity or date of return of not later than such Special Distribution Date. Any such amount so received shall be deemed to have been loaned to the Lessee and such loan shall be deemed secured by a pledge by the Lessee in favor of the Indenture Trustee of all amounts so loaned. The Indenture Trustee shall hold all Specified Investments until the maturity thereof and will not sell or otherwise transfer such Specified Investments. If any Specified Investments so held by the Indenture Trustee mature prior to such Special Distribution Date, any proceeds received on the maturity of such Specified Investments may be reinvested by the Indenture

Trustee at the direction and risk of, and for the benefit of, the Lessee in Specified Investments having a maturity date that is no later than such Special Distribution Date. The Lessee agrees that it will pay the Indenture Trustee an amount on such Special Distribution Date equal to the interest which accrues on the Equipment Notes between the day such prepayment is received by the Indenture Trustee pursuant to Section 2.10(a) and such Special Distribution Date; provided that the Lessee may satisfy its obligation under this sentence and under Section 2.10(a) on such Special Distribution Date by directing the Indenture Trustee to apply such amounts invested in Specified Investments to the payment of such obligations, and to the extent that such amounts are insufficient to meet such obligations, by paying the Indenture Trustee, in immediately available funds, an amount equal to the excess of the amount of such obligations owed by the Lessee over the amount of such funds so invested in Specified Investments.

Section 2.11. Conversion of Equipment Notes to Certificates of Participation. .(a) If a Lease Termination Event occurs under the Lease (excluding a Lease Termination Event described in Section 9(a)(i) of the Lease or a Lease Termination Event resulting from a Lease Event of Default) and provided that the terms and conditions set forth in Section 2.11 shall have been satisfied, the Lessor shall be released from its obligations hereunder and under the Equipment Notes, and the Equipment Notes shall be deemed discharged and converted to Certificates of Participation in the Lessor's rights under the Lease so conveyed to the Indenture Trustee pursuant to the Assignment of Lessor's Interest in Lease and Supplemental Indenture described in Section 2.11(b)(ii)(x). Each holder of Equipment Notes shall, upon surrender of such Equipment Notes, be entitled to a proportion of such Certificates of Participation equal to the proportion that the principal amount of Equipment Notes held by such holder at the time of such surrender bore to the aggregate unpaid principal amount of the Equipment Notes. As soon as practicable after the Lessee determines that the conditions set forth above and in Section 2.11(b) for the discharge of the Lessor and the conversion of the Equipment Notes into Certificates of Participation will be satisfied (collectively, the "Discharge and Conversion"), as provided in such Assignment of Lessor's Interest in Lease and Supplemental Indenture, the Lessee shall give the Indenture Trustee written notice that it expects that such conditions will be so satisfied. Failure to give such notice shall not affect the occurrence of the Discharge and Conversion. The Lessee shall indemnify the Indenture Trustee and its Affiliates, directors, officers, employees, servants and

agents for any costs and expenses incurred as a result of the delay of the termination of the Lease. The Lessor automatically shall be released and discharged, without further act or formality whatsoever, from the obligations under this Indenture and the Equipment Notes concurrently with the satisfaction of the conditions set forth in clause (b) of this Section 2.11. The Indenture Trustee shall confirm to the Lessor in writing when such conditions are so satisfied. Thereupon, the Indenture Trustee shall execute and deliver to the Lessor, at the Lessee's expense, such documents or instruments as the Lessor may reasonably request to evidence (on the public record or otherwise) the release and discharge of the Lessor hereunder and under the Equipment Notes.

On the date (the "Conversion Date") on which the Discharge and Conversion is effected, (i) the Indenture Trustee shall execute and deliver to each holder of Equipment Notes that has surrendered such Equipment Notes to the Indenture Trustee a Certificate of Participation or Certificates of Participation in an aggregate principal amount equal to the aggregate principal amount of Equipment Notes so surrendered; provided, however, that no such surrender shall be required hereunder and, if any such surrender does not so occur, the holder of such Equipment Notes shall be deemed the holder of Certificates of Participation with an aggregate principal amount equal to the aggregate principal amount of the Equipment Notes not so surrendered and (ii) all references herein to Equipment Notes (or portions thereof) shall be deemed references to Certificates of Participation.

(b) The Discharge and Conversion pursuant to subsection (a) hereof shall be subject to compliance with the following conditions and the delivery of an Officer's Certificate of the Lessee to the effect that the below enumerated conditions (to the extent such conditions relate to the Lessee) have been duly complied with:

(i) after giving effect to the Discharge and Conversion, no Indenture Event of Default, Lease Default or Lease Event of Default shall have occurred and be continuing;

(ii) (w) The Lessor shall have received payment from or on behalf of the Indenture Trustee (which payment may be made by the Lessee or any other Person on behalf of the Indenture Trustee) of the relevant Special Termination Payment set forth in Section 9(e)(ii)(B), 9(e)(iii)(B) and 9(e)(iv)(B) of the Lease and all other amounts owed to the Lessor under the Lease on the

Conversion Date (and it is understood that in the event that the Lessee so pays such amounts on behalf of the Indenture Trustee and a Discharge and Conversion occurs, the Indenture Trustee shall have no rights against the Lessee following such Discharge and Conversion in respect of Basic Rent payable in Yen or in respect of any Special Termination Payment, Purchase Price or Deficiency Payments payable in Yen) (x) the Lessee and the Lessor shall have executed and delivered to the Indenture Trustee for execution the Assignment of Lessor's Interest in Lease and Supplemental Indenture in the form of Exhibit C annexed hereto and (y) the Lessee shall have executed, delivered and filed such Assignment of Lessor's Interest in Lease and Supplemental Indenture and other documents and instruments in the manner and locations as this Indenture and such other documents and instruments shall have been filed pursuant to Section 4(g) of the Debt Participation Agreement and as may be necessary to maintain the perfection of the security interest created by this Indenture in favor of the Indenture Trustee in the Items of Equipment (and certain transferred rights, including the right to receive the Dollar Payment Obligations under the Lease, specified in such Assignment of Lessor's Interest in Lease and Supplemental Indenture) in any applicable jurisdiction;

(iii) the Indenture Trustee shall have received one or more Opinions of Counsel to the effect that:

(A) each of the documents executed and delivered pursuant to clause (b)(ii) above constitutes a legal, valid and binding obligation of each of the parties thereto, enforceable in accordance with its terms, except as the enforceability thereof may be limited by (1) bankruptcy, insolvency, reorganization or other similar laws of general application affecting creditors' rights and (2) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and the documents described in (b)(ii)(y) above create a legal, valid and perfected first priority Lien on and security interest in the Items of Equipment (and such transferred rights);

(B) after such Discharge and Conversion, the Items of Equipment (and such transferred rights) will be free and clear of all Liens other than Permitted Liens (as defined in Lease) (which for the purposes of this subparagraph (B) shall not

include the Liens described in clause (c) of Section 6 of the Lease) and the Indenture Trustee will, subsequent to such Discharge and Conversion, continue to have the benefits of 11 U.S.C. § 1168, or any successor provision, as to such Items of Equipment;

(C) all authorizations, consents, approvals and exemptions of, or other action by, all regulatory bodies necessary in connection with the execution and delivery of such documentation and in connection with (i) the conveyance and transfer of title to the Items of Equipment (and such transferred rights) transferred to the Indenture Trustee or (ii) the transfer to the Indenture Trustee of the Lessor's interest in the Lease have been obtained (specifying the same), or that no such authorization, consent, approval, exemption or other action is required;

(D) no other action is necessary or advisable in order to establish and perfect the Indenture Trustee's title to and interest in the Items of Equipment (and such transferred rights) as against the Lessor or any third party; and

(E) such recording, registration, filing and other actions have been taken as are required by law to perfect, preserve and protect the Lien and security interest granted hereunder to the Indenture Trustee with respect to the Items of Equipment (and such transferred rights), and reciting the details of such action or stating that, in the opinion of such counsel, no such action is necessary to perfect, preserve and protect such Lien and security interest.

(c) The Lessee hereby agrees that, upon request of the Indenture Trustee or the Lessor, it shall promptly pay to the Indenture Trustee or the Lessor, as the case may be, an amount equal to the reasonable costs and expenses incurred by the Indenture Trustee or the Lessor, as the case may be, in connection with the Discharge and Conversion regardless of whether such Discharge and Conversion becomes effective.

(d) If the Discharge and Conversion occurs pursuant to this Section 2.11, the Lessor shall thereafter be discharged of all obligations hereunder and under the Equipment Notes.

Section 2.12. Equally and Ratably Secured. All Equipment Notes at any time outstanding under this Indenture shall be equally and ratably secured hereby without preference, priority or distinction on account of the date or dates or the actual time or times of the issue or maturity of such Equipment Notes so that all Equipment Notes at any time issued and outstanding hereunder shall have the same rights, preferences, and be entitled to the same benefits provided by the Liens created, under and by virtue of this Indenture.

ARTICLE III

RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE INDENTURE ESTATE

Section 3.01. Basic Rent Distribution. Except as otherwise provided in Section 3.03, each installment of the Dollar portion of Basic Rent as well as any installment of interest on overdue installments of the Dollar portion of Basic Rent, and any other monies paid over by the Lessee or the Lessor to the Indenture Trustee for such purpose, shall be distributed by the Indenture Trustee as promptly as possible to the holders of the Equipment Notes to pay in full the aggregate amount of the payment or payments of principal, premium, if any, and interest (as well as any interest on overdue principal) then due, such distribution to be made ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due or so scheduled with respect to each such Equipment Note bears to the aggregate amount of payments then due under all such Equipment Notes. The portion of each such installment distributed to a holder of an Equipment Note shall be applied by such holder in payment of such Equipment Note in accordance with the terms of Section 2.05.

Section 3.02. Payments in the Event of Prepayment. (a) Except as otherwise provided in Section 3.03, in the event of any prepayment of the Equipment Notes, in whole or in part, in accordance with the provisions of Section 2.10 any amount received shall in each case be distributed and paid in the following order of priority: first, so much of such amount as shall in each case be required for the purpose of prepayment shall be distributed and paid to the holders of such Equipment Notes to pay the aggregate amount of the payment of principal, premium, if any, and interest to be prepaid on the Equipment Notes pursuant to Section 2.10, such prepayment to be made ratably, without priority of one over any other, in the proportion that the amount to be prepaid on each such Equipment Note bears to the aggregate amount to be

paid on all such Equipment Notes; second, so much of such amount as shall be required to reimburse the Indenture Trustee for any expenses not reimbursed by the Lessee in connection with the collection or distribution of such amount and for any unpaid fees for the Indenture Trustee's services under this Indenture and any tax, expense (including reasonable attorneys' fees) or other loss incurred by it (to the extent incurred in connection with its duties as Indenture Trustee and to the extent reimbursable and not previously reimbursed) shall be applied in reimbursement of such amounts; third, in the manner provided in clause "second" of Section 3.03 hereof; and fourth, in the manner provided in clause "fourth" of Section 3.03 hereof.

(b) Except as otherwise provided in Section 3.03 hereof, any amounts received directly or through the Lessee from any governmental authority or other party pursuant to Section 10 of the Lease with respect to any Item of Equipment as the result of an Event of Loss, to the extent that such amounts are not at the time required to be paid to the Lessee pursuant to said Section 10, and any amounts of insurance proceeds for damage to the Indenture Estate received directly or through the Lessee from any insurer pursuant to Section 11 of the Lease with respect thereto as the result of an Event of Loss, to the extent such amounts are not at the time required to be paid to the Lessee pursuant to said Section 10, shall be applied in reduction of the Lessee's obligation to pay Casualty Value Termination Payments as provided in the Lease.

Section 3.03. Payments After Indenture Event of Default. (a) All payments received and amounts realized by the Indenture Trustee (except any payment described in Section 2.10(a) hereof) after an Indenture Event of Default shall have occurred and be continuing and after the Indenture Trustee has declared (as assignee from the Lessor of certain rights under the Lease) the Lease to be in default pursuant to Section 15 thereof or has declared the Equipment Notes to be accelerated pursuant to Section 4.02, as the case may be, or has elected to foreclose or otherwise enforce its rights under this Indenture (including any amounts realized by the Indenture Trustee from the exercise of any remedies pursuant to Section 15 of the Lease, or Article IV), as well as all payments or amounts then held or thereafter received by the Indenture Trustee as part of the Indenture Estate while such Indenture Event of Default shall be continuing, shall be distributed forthwith by the Indenture Trustee in the following order of priority: first, so much of such payments or amounts as shall be required to reimburse the Indenture Trustee for any unpaid fees for its services under this Indenture

and any tax, expense (including reasonable attorneys' fees) or other loss incurred by the Indenture Trustee (to the extent reimbursable and not previously reimbursed and to the extent incurred in connection with its duties as Indenture Trustee) shall be distributed to the Indenture Trustee; second, so much of such payments or amounts as shall be required to reimburse the holders of the Equipment Notes for payments made by them to the Indenture Trustee pursuant to Section 5.03 (to the extent not previously reimbursed), and to pay such holders of the Equipment Notes the amounts payable to them pursuant to the provisions of the Debt Participation Agreement, shall be distributed to such holders of the Equipment Notes, without priority of one over the other, in accordance with the amount of the payment or payments made by, or payable to, each such holder; third, so much of such payments or amounts as shall be required to pay in full the aggregate unpaid principal amount of all Equipment Notes, plus the accrued but unpaid interest thereon to the date of distribution, shall be distributed to the holders of the Equipment Notes, and in case the aggregate amount so to be distributed shall be insufficient to pay in full the aforesaid amounts, then, ratably, without priority of one over the other, in the proportion that the aggregate unpaid principal amount of all Equipment Notes held by each such holder, plus the accrued but unpaid interest thereon to the date of distribution, bears to the aggregate unpaid principal amount of all Equipment Notes, plus the accrued but unpaid interest thereon to the date of distribution; and fourth, the balance, if any, of such payments or amounts remaining thereafter shall be distributed to, or as directed by, the Lessor to be held or distributed in accordance with the terms of the Lease;

(b) If an Indenture Event of Default shall have occurred and be continuing, the Indenture Trustee shall not make any distribution to the Lessor but shall hold amounts otherwise distributable to the Lessor as collateral security for the obligations secured hereby until such time as no Indenture Event of Default shall be continuing hereunder or such amounts are applied pursuant to Section 3.03(a).

Section 3.04. Other Payments. Except as otherwise provided in Section 3.03,

(a) any payments received by the Indenture Trustee for which no provision as to the application thereof is made in the Lease or the Debt Participation Agreement or elsewhere in this Article III, and

(b) all payments received and amounts realized by the Indenture Trustee under the Lease or otherwise with respect to the Items of Equipment to the extent received or realized at any time after payment in full of the principal of and interest and premium, if any, on all Equipment Notes, as well as any other amounts remaining as part of the Indenture Estate after payment in full of the principal of and interest and premium, if any, on all Equipment Notes issued hereunder,

shall be distributed forthwith by the Indenture Trustee in the order of priority set forth in Section 3.03, except that in the case of any payment described in clause (b) above, such payment shall be distributed omitting clause "third" of such Section 3.03.

Any payments received by the Indenture Trustee for which provision as to the application thereof is made in the Lease or the Debt Participation Agreement but not elsewhere in this Indenture shall be applied to the purposes for which such payments were made in accordance with the provisions of the Lease or the Debt Participation Agreement, as the case may be.

ARTICLE IV

REMEDIES OF THE INDENTURE TRUSTEE UPON AN INDENTURE EVENT OF DEFAULT

Section 4.01. Indenture Events of Default. The following events shall constitute "Indenture Events of Default" and each such Indenture Event of Default shall be deemed to exist and continue so long as, but only so long as, it shall not have been remedied:

(a) a Lease Event of Default (other than a Lease Event of Default by reason of a default by the Lessee to pay any amounts which are payable in Yen); or

(b) default by the Lessor in making any payment when due of principal of or premium, if any, or interest on, any Equipment Note or Equipment Notes, and the continuance of such default unremedied for 10 Business Days after the same shall have become due and payable; or

(c) any failure by the Lessor to observe or perform any covenant or obligation of it, in this Indenture or the Equipment Notes or in the Debt Participation Agreement, if, but only if, such failure is not remedied

within a period of 30 days after there has been given to the Lessor by the Indenture Trustee a written notice specifying such failure and requiring it to be remedied; provided that, if such failure is capable of being remedied, no such failure shall constitute an Indenture Event of Default hereunder for a period of 180 days after such notice so long as the Lessor, as the case may be, is diligently proceeding to remedy such failure; or

(d) any representation or warranty made by the Lessor under the Debt Participation Agreement or hereunder, or by any representative of the Lessor in any document or certificate furnished to the Indenture Trustee or the Pass Through Trustee in connection herewith or therewith or pursuant hereto or thereto, shall prove at any time to have been incorrect in any material respect as of the date made and such incorrectness shall remain material and continue unremedied for a period of 30 days after there has been given to the Lessor a written notice specifying such incorrectness, stating that such incorrectness is a default hereunder and requiring it to be remedied by the Indenture Trustee or by any holder of an Equipment Note; provided that, if such incorrectness is capable of being remedied, no such incorrectness shall constitute an Indenture Event of Default hereunder for a period of 180 days after such notice so long as the Lessor, as the case may be, is diligently proceeding to remedy such incorrectness; or

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

(f) the Lessor shall file, or consent by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction; or

(g) an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of the Lessor, a receiver, trustee or liquidator of the Lessor, or of any substantial part of its property, or granting any order for relief in respect of the Lessor under any applicable bankruptcy laws, and any such order, judgment or decree of appointment shall remain in force undismissed, unstayed

or unvacated for a period of 90 days after the date of entry thereof; or

(h) a petition against the Lessor, in a proceeding under any applicable bankruptcy laws or other insolvency law, as now or hereafter in effect, 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 which may apply to the Lessor, any court of competent jurisdiction shall assume jurisdiction, custody or control of the Lessor or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 90 days.

Section 4.02. Acceleration; Rescission and Annulment. If an Indenture Event of Default occurs and is continuing, the Indenture Trustee may, and upon the directions of a Majority in Interest shall declare the unpaid principal amount of all Equipment Notes then outstanding and accrued interest thereon to be due and payable. At any time after the Indenture Trustee has declared the unpaid principal amount of all Equipment Notes then outstanding to be due and payable and prior to the sale of any of the Indenture Estate pursuant to this Article IV, a Majority in Interest, by written notice to the Lessor, the Lessee and the Indenture Trustee, may rescind and annul such declaration and thereby annul its consequences if: (i) there has been paid to or deposited with the Indenture Trustee an amount sufficient to pay all overdue installments of interest on the Equipment Notes, and the principal of and premium, if any, on any Equipment Notes that have become due otherwise than by such declaration of acceleration, (ii) the rescission would not conflict with any judgment or decree, and (iii) all other Indenture Defaults and Indenture Events of Default, other than nonpayment of principal or interest on the Equipment Notes that have become due solely because of such acceleration, have been cured or waived.

Section 4.03. Remedies with Respect to Indenture Estate. (a) After an Indenture Event of Default shall have occurred and so long as such Indenture Event of Default shall be continuing, and payment of the Equipment Notes accelerated (and such acceleration not rescinded) pursuant to Section 4.02 hereof, then and in every such case the Indenture Trustee, as assignee hereunder of certain rights under the Lease or as mortgagee hereunder of the Equipment or otherwise, may, and when required pursuant to the provisions of Article V hereof shall, exercise any or all of the rights and

powers and pursue any and all of the remedies pursuant to Section 15 of the Lease and this Article IV and may recover judgment in its own name as Indenture Trustee against the Indenture Estate and may take possession of all or any part of the Indenture Estate, and may exclude the Lessor and all persons claiming under any of them wholly or partly therefrom.

(b) The Indenture Trustee may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession, and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Lessor and the Lessee once at least 30 days prior to the date of such sale or the date on which the Indenture Trustee enters into a binding contract for a private sale, and any other notice which may be required by law, sell and dispose of the Indenture Estate, or any part thereof, or interest therein, at public auction to the highest bidder or at private sale in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Indenture Trustee may determine, and at any place (whether or not it be the location of the Indenture Estate or any part thereof) and time designated in the notice above referred to. Any such public sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further notice, and the Indenture Trustee or the holder or holders of any Equipment Notes, or any interest therein, may bid and become the purchaser at any such public sale. The Indenture Trustee may exercise such right without possession or production of the Equipment Notes or proof of ownership thereof, and as representative of the holders may exercise such right without including the holders as parties to any suit or proceeding relating to foreclosure of any property in the Indenture Estate. The Lessor hereby irrevocably constitutes the Indenture Trustee the true and lawful attorney-in-fact of the Lessor (in the name of the Lessor or otherwise) for the purpose of effectuating any sale, assignment, transfer or delivery for enforcement of the Lien of this Indenture, whether pursuant to foreclosure or power of sale or otherwise, to execute and deliver all such bills of sale, assignments and other instruments as the Indenture Trustee may consider necessary or appropriate, with full power of substitution, the Lessor hereby ratifying and confirming all that such attorney or any substitute shall lawfully do by virtue hereof. Nevertheless, if so requested by the Indenture Trustee or any purchaser, the Lessor shall ratify and confirm any

such sale, assignment, transfer or delivery, by executing and delivering to the Indenture Trustee or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

(c) The Lessor agrees, to the fullest extent that it lawfully may, that, in case one or more of the Indenture Events of Default shall have occurred and be continuing, then, in every such case, the Indenture Trustee may take possession of all or any part of the Indenture Estate and may exclude the Lessor and all persons claiming under any of them wholly or partly therefrom. At the request of the Indenture Trustee, the Lessor shall promptly execute and deliver to the Indenture Trustee such instruments of title and other documents as the Indenture Trustee may deem necessary or advisable to enable the Indenture Trustee or an agent or representative designated by the Indenture Trustee, at such time or times and place or places as the Indenture Trustee may specify, to obtain possession of all or any part of the Indenture Estate. If the Lessor shall fail for any reason to execute and deliver such instruments and documents to the Indenture Trustee, the Indenture Trustee may pursue all or part of the Indenture Estate wherever it may be found and may enter any of the premises of the Lessee wherever the Indenture Estate may be or be supposed to be and search for the Indenture Estate and take possession of and remove the Indenture Estate. Upon every such taking of possession, the Indenture Trustee may, from time to time, at the expense of the Indenture Estate, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to any of the Indenture Estate, as it may deem proper. In each such case, the Indenture Trustee shall have the right to use, operate, store, control or manage the Indenture Estate, and to carry on the business and to exercise all rights and powers of the Lessor relating to the Indenture Estate, as the Indenture Trustee shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, operation, leasing or storage of the Indenture Estate or any part thereof as the Indenture Trustee may determine; and the Indenture Trustee shall be entitled to collect and receive all tolls, rents, revenues, issues, income, products and profits of the Indenture Estate and every part thereof, without prejudice, however, to the right of the Indenture Trustee under any provision of this Indenture to collect and receive all cash held by, or required to be deposited with, the Indenture Trustee hereunder. Such tolls, rents, revenues, issues, income, products and profits shall be applied to pay the expenses of holding and operating the Indenture Estate and of

conducting the business thereof, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Indenture Trustee may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Indenture Estate or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Lessor), and all other payments which the Indenture Trustee may be required or authorized to make under any provision of this Indenture, as well as just and reasonable compensation for the services of the Indenture Trustee, and of all persons properly engaged and employed by the Indenture Trustee, including the reasonable expenses of the Indenture Trustee. Any action by the Indenture Trustee pursuant to this Section 4.03(c) will in all respects be subject to compliance with any mandatory legal requirements applicable to any such action.

(d) If an Indenture Event of Default occurs and is continuing and the Indenture Trustee shall have obtained possession of an Item of Equipment, the Indenture Trustee shall not be obligated to use or operate such Item of Equipment or cause such Item of Equipment to be used or operated directly or indirectly by itself or through agents or other representatives or to lease, license or otherwise permit or provide for the use or operation of such Item of Equipment by any other Person unless (i) the Indenture Trustee shall have been able to obtain insurance in kinds, at rates and in amounts satisfactory to it in its discretion to protect the Indenture Estate and the Indenture Trustee, as trustee and individually, against any and all liability for loss or damage to such Item of Equipment and for public liability and property damage resulting from use or operation of such Item of Equipment and (ii) funds are available in the Indenture Estate to pay for all such insurance or, in lieu of such insurance, the Indenture Trustee is furnished with indemnification from the holders of the Equipment Notes or any other Person upon terms and in amounts satisfactory to the Indenture Trustee in its discretion to protect the Indenture Estate and the Indenture Trustee, as trustee and individually, against any and all such liabilities.

(e) Notwithstanding anything contained herein, so long as the Pass Through Trustee is the registered holder of any Equipment Note issued hereunder, the Indenture Trustee is not authorized or empowered to acquire title to any Indenture Estate or take any action with respect to any Indenture Estate so acquired by it if such acquisition or action would cause the Trust (as defined in the Pass Through Trust

Agreement) to fail to qualify as a "grantor trust" for federal income tax purposes.

Section 4.04. Waiver of Existing Defaults. A Majority in Interest by notice to the Indenture Trustee on behalf of all holders of the Equipment Notes may waive any past default hereunder and its consequences, except a default: (i) in the payment of the principal of, premium, if any, or interest on any Equipment Note, or (ii) in respect of a covenant or provision hereof which under Article Nine hereof cannot be modified or amended without the consent of the holder of each Equipment Note affected. Upon any such waiver, such default shall cease to exist, and any Indenture Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

ARTICLE V

DUTIES OF THE INDENTURE TRUSTEE

Section 5.01. Action Upon Indenture Event of Default. If any payments of any Dollar portion of Basic Rent or payments of the principal of or interest or premium, if any, on the Equipment Notes due and payable on any Rent Payment Date shall not have been paid in full on such Rent Payment Date, the Indenture Trustee shall give telephonic notice within one Business Day (followed by prompt written notice) to the Lessor and the Lessee specifying the amount and nature of such deficiency in payment. In the event the Indenture Trustee shall have knowledge of an Indenture Event of Default or an Indenture Default, the Indenture Trustee shall give prompt notice of such Indenture Event of Default or such event or condition to the Lessee, the Lessor and each holder of Equipment Notes by telegram, telex, or telephone (to be promptly confirmed in writing). In the event the Lessor shall have knowledge of an Indenture Event of Default or an Indenture Default, the Lessor shall give notice of such Indenture Event of Default or Indenture Default in the same manner to the Lessee, the Indenture Trustee and each holder of Equipment Notes. Subject to the terms of Section 5.03, the Indenture Trustee shall take such action, or refrain from taking such action, with respect to such Indenture Event of Default as the Indenture Trustee shall be instructed in writing by a Majority in Interest. If the Indenture Trustee shall not have received instructions as above provided within 20 days after the mailing of notice of such Indenture Event of Default or such Indenture Default to the holders of

Equipment Notes by the Indenture Trustee, the Indenture Trustee may, but shall not be obligated to, take such action, or refrain from taking such action, with respect to such Indenture Event of Default or Indenture Default as it shall determine to be advisable in the best interests of the holders of Equipment Notes. For all purposes of this Indenture, in the absence of actual knowledge, neither the Lessor nor the Indenture Trustee shall be deemed to have knowledge of an Indenture Event of Default (except, in the case of the Indenture Trustee, the failure of the Lessee to pay any installment of the Dollar portion of Basic Rent that is required to be paid directly to the Indenture Trustee within the 10 Business Days after the same shall become due or the failure of the Lessee to maintain insurance as required under Section 11 of the Lease if the Indenture Trustee shall receive notice thereof from an insurer or insurance broker) unless notified in writing by the Lessee, the Lessor, or one or more holders of Equipment Notes; and "actual knowledge" (as used in the foregoing clause) of the Indenture Trustee shall mean actual knowledge of an officer in the Corporate Trust Administration of the Indenture Trustee.

Section 5.02. Action Upon Instructions. Subject to the terms of Sections 5.01 and 5.03, upon the written instructions at any time and from time to time of a Majority in Interest, the Indenture Trustee shall take such of the following actions as may be specified in such instructions (subject to the rights of the other parties thereto, except to the extent assigned hereunder): (i) subject to and solely to the extent permitted by the terms hereof and of the Lease, give such notice, direction or consent, or exercise such right, remedy or power hereunder or under the Lease or in respect of any part or all of the Indenture Estate or take such other action as shall be specified in such instructions; and (ii) after an Indenture Event of Default shall have occurred and so long as such Indenture Event of Default shall be continuing, approve as satisfactory to it all matters (except with respect to Excepted Interests) required by the terms of the Lease to be satisfactory to the Lessor, it being understood that without the written instructions of a Majority in Interest the Indenture Trustee shall not take any action described in clauses (i) and (ii) above.

Section 5.03. Indemnification. (a) The Indenture Trustee shall not be required to take any action or refrain from taking any action under Section 5.01 (other than the first two sentences thereof) or 5.02 or Article IV if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk is

not reasonably assured to it. The Indenture Trustee shall not be required to take any action under Section 5.01 or 5.02 or Article IV, nor shall any other provision of this Indenture be deemed to impose a duty on the Indenture Trustee to take any action, if the Indenture Trustee shall have been advised in writing by independent counsel that such action is contrary to the terms hereof or of the Lease or the Debt Participation Agreement, or is otherwise contrary to law.

(b) Each holder of Equipment Notes may, but shall not be required to, participate in any indemnification of the Indenture Trustee given pursuant to paragraph (a) of this Section 5.03. Each holder of Equipment Notes so participating shall be entitled to reimbursement for such participation in accordance with Article III.

Section 5.04. No Duties Except as Specified in Indenture or Instructions. The Indenture Trustee shall not have any duty or obligation to manage, control, use, sell, dispose of or otherwise deal with the Items of Equipment or any other part of the Indenture Estate, or to otherwise take or refrain from taking any action under, or in connection with, this Indenture, the Lease, or the Debt Participation Agreement, except as expressly provided by the terms of this Indenture or as expressly provided in written instructions received pursuant to the terms of Section 5.01 or 5.02; and no implied duties or obligations shall be read into this Indenture against the Indenture Trustee. The Indenture Trustee nevertheless agrees that it will, at its own cost and expense, promptly take such action as may be necessary duly to discharge any liens or encumbrances on any part of the Indenture Estate, or on any properties of the Lessor assigned, pledged or mortgaged as part of the Indenture Estate, which result from claims against it in its individual capacity not related to the administration of the Indenture Estate or any other transaction under this Indenture or any document included in the Indenture Estate.

Section 5.05. No Action Except Under Lease, Indenture or Instructions. The Indenture Trustee agrees that it will not manage, control, use, sell, dispose of or otherwise deal with the Items of Equipment or other property constituting part of the Indenture Estate except (i) as required by the terms of the Lease, (ii) in accordance with the powers granted to, or the authority conferred upon, the Indenture Trustee pursuant to this Indenture, or (iii) in accordance with the express terms hereof or with written instructions pursuant to Section 5.01 or 5.02.

Section 5.06. Replacement Items of Equipment. At any time and from time to time prior to the expiration of the term of the Lease, any Items of Equipment which the provisions of Section 10(a) of the Lease require to be disposed of may be disposed of in accordance with the provisions of Section 10(a) of the Lease, and the Lessor shall, from time to time, direct the Indenture Trustee to execute and deliver to it, or as directed in writing by the Lessor, an appropriate instrument furnished by the Lessor or the Lessee releasing such Items of Equipment from the Lien of this Indenture, but only in respect of such Items of Equipment, and from the assignment and pledge thereof hereunder and the Indenture Trustee shall execute and deliver such instrument as aforesaid upon satisfaction of the conditions for the Replacement Item of Equipment contained in Section 10(a) of the Lease.

Section 5.07. Indenture Supplements for Replacements. In the event of a Replacement Item of Equipment being substituted as contemplated by Section 10(a) of the Lease, the Lessor and the Indenture Trustee agree for the benefit of the holders of the Equipment Notes and the Lessee, subject to compliance by the Lessee with its obligations set forth in Section 10(a) of the Lease, to execute and deliver an Indenture Supplement substantially in the form of Exhibit A hereto.

Section 5.08. Effect of Replacements. In the event of the substitution of a Replacement Item of Equipment, all provisions of this Indenture relating to the Item of Equipment or Items of Equipment being replaced shall be applicable to such Replacement Item of Equipment with the same force and effect as if such Replacement Item of Equipment was the same Item of Equipment being replaced.

Section 5.09. Withholding Taxes. The Indenture Trustee, as agent for the Lessor and the Lessee, shall exclude and withhold from each payment of principal, premium, if any, and interest and other amounts due hereunder or under the Equipment Notes any and all withholding taxes applicable thereto as required by law. The Indenture Trustee agrees to act as such withholding agent and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect of the Equipment Notes, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the holders of the Equipment Notes, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each holder of an

Equipment Note appropriate documentation showing the payment thereof, together with such additional documentary evidence as such holders may reasonably request from time to time.

ARTICLE VI

THE INDENTURE TRUSTEE

Section 6.01. Acceptance of Trusts and Duties. The Indenture Trustee accepts the trusts hereby created and applicable to it and agrees to perform the same but only upon the terms of this Indenture and agrees to receive and disburse all monies received by it constituting part of the Indenture Estate in accordance with the terms hereof. The Indenture Trustee shall not be answerable or accountable under any circumstances, except for its own wilful misconduct or gross negligence or breach of any of its representations or warranties set forth herein or in the Debt Participation Agreement, or the performance of its obligations under the last sentence of Section 5.04.

Section 6.02. Absence of Duties. Except in accordance with written instructions or requests furnished pursuant to Section 5.01 or Section 5.02 and except as provided in, and without limiting the generality of, Section 5.04, the Indenture Trustee shall have no duty (i) to see to any registration of the Items of Equipment or any recording or filing of the Lease, or of this Indenture or any other document, or to see to the maintenance of any such registration, recording or filing, (ii) to see to any insurance on the Items of Equipment or to effect or maintain any such insurance, whether or not the Lessee shall be in default with respect thereto, (iii) to confirm, verify or inquire into the failure to receive any financial statements of the Lessee or (iv) to inspect the Items of Equipment at any time or ascertain or inquire as to the performance or observance of any of the Lessee's covenants under the Lease with respect to the Items of Equipment. Notwithstanding the foregoing, the Indenture Trustee will furnish to any holder of the Equipment Notes, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and other instruments furnished to the Indenture Trustee under this Indenture.

Section 6.03. No Representations or Warranties as to the Items of Equipment or Documents. THE INDENTURE TRUSTEE NEITHER MAKES NOR SHALL BE DEEMED TO HAVE MADE (i) ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE VALUE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FIT-

NESS FOR USE OF THE ITEMS OF EQUIPMENT OR AS TO THE TITLE THERETO, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE ITEMS OF EQUIPMENT WHATSOEVER, or (ii) any representation or warranty as to the validity, legality or enforceability of this Indenture, the Debt Participation Agreement, the Equipment Notes, the Lease, any Lease Supplement, or any Indenture Supplement or any other document or instrument or as to the correctness of any statement contained in any thereof (except as to the representations and warranties made by the Indenture Trustee in the Debt Participation Agreement).

Section 6.04. No Segregation of Moneys; No Interest; Investments. (a) Subject to Section 6.04(b), no monies received by the Indenture Trustee hereunder need be segregated in any manner except to the extent required by law, and any such monies may be deposited under such general conditions for the holding of trust funds as may be prescribed by law applicable to the Indenture Trustee, and, except as otherwise agreed by the Indenture Trustee, the Indenture Trustee shall not be liable for any interest thereon.

(b) Any amounts held by the Indenture Trustee pursuant to the express terms of this Indenture or the Lease and not required to be distributed as herein provided shall be invested and reinvested by the Indenture Trustee from time to time in Specified Investments at the written direction and at the risk and expense of the Lessee, except that in the absence of any such direction or after a Lease Event of Default shall have occurred and be continuing. Such amounts shall be so invested and reinvested by the Indenture Trustee in Specified Investments and the Indenture Trustee shall hold any such Specified Investments until maturity. Any net income or gain realized as a result of any such investments or reinvestment shall be held as part of the Indenture Estate and shall be applied by the Indenture Trustee at the same times, on the same conditions and in the same manner as the amounts in respect of which such income or gain was realized are required to be distributed in accordance with the provisions hereof or of the Lease pursuant to which such amounts were required to be held and if no Lease Event of Default shall have occurred and be continuing any excess shall be paid to the Lessee. Any such Specified Investments may be sold or otherwise reduced to cash (without regard to maturity date) by the Indenture Trustee whenever necessary to make any application as required by such provisions. The Indenture Trustee shall have no liability for any loss resulting from any such investment or reinvestment other than by reason of the willful misconduct or gross negligence of the Indenture Trustee.

Section 6.05. Reliance; Agents; Advice of Counsel. The Indenture Trustee shall incur no liability to anyone acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. The Indenture Trustee may accept a copy of a resolution of the Board of Directors of any party to the Debt Participation Agreement, certified by the Secretary or an Assistant Secretary of such party as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted by said Board and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described herein, the Indenture Trustee may for all purposes hereof rely on a certificate, signed by an officer of the Lessee, as to such fact or matter, and such certificate shall constitute full protection to the Indenture Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon. The Indenture Trustee shall furnish to the Lessor upon request such information and copies of such documents as the Indenture Trustee may have and as are necessary for the Lessor to perform its duties under Article II hereof. The Indenture Trustee shall assume, and shall be fully protected in assuming, that the Lessor is authorized to enter into this Indenture and to take all action permitted to be taken by it pursuant to the provisions hereof, and shall not inquire into the authorization of the Lessor with respect thereto. In the administration of the trusts hereunder, the Indenture Trustee may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may, at the expense of the Indenture Estate, consult with independent counsel, accountants and other skilled persons to be selected and employed by it, and the Indenture Trustee shall not be liable for anything done, suffered, or omitted in good faith by it in accordance with the written advice or opinion of any such independent counsel, accountants or other skilled persons acting within such persons' area of competence (so long as the Indenture Trustee shall have exercised reasonable care in selecting such persons).

Section 6.06. Not Acting in Individual Capacity. The Indenture Trustee acts hereunder solely as trustee and not in its individual capacity unless otherwise expressly provided; and all Persons, other than the holders of Equipment Notes to the extent expressly provided in this Indenture, having any claim against the Indenture Trustee by reason of the transactions contemplated hereby shall, subject to the

lien and priorities of payment as herein provided, look only to the Indenture Estate for payment or satisfaction thereof.

Section 6.07. No Compensation from Holders or Indenture Estate. The Indenture Trustee agrees that it shall have no right against the holders of the Equipment Notes or, except as provided in Sections 3.03 and 4.03, the Indenture Estate, for any fee as compensation for its services hereunder.

ARTICLE VII

INDEMNIFICATION OF INDENTURE TRUSTEE

Section 7.01. Scope of Indemnification. The Lessor hereby agrees, whether or not any of the transactions contemplated hereby or in the Debt Participation Agreement shall be consummated, except as to matters covered by the indemnity furnished pursuant to Section 5.03 hereof, to assume liability for, and does hereby indemnify, protect, save and keep harmless the Indenture Trustee, in its individual capacity and its successors, assigns, agents and servants, from and against any and all liabilities (including strict tort liability), obligations, losses, damages, penalties, taxes (excluding any taxes, fees or other charges on, based on, or measured by, any fees or compensation received by the Indenture Trustee for services rendered in connection with the transactions contemplated hereby and any taxes, fees or other charges against which the Lessee is not required to indemnify pursuant to Section 10 of the Debt Participation Agreement), claims, actions, suits, costs, expenses or disbursements (including reasonable legal fees and expenses) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Indenture Estate or the Indenture Trustee (whether or not also indemnified against by any other person under any other document) in any way relating to or arising out of this Indenture, any Indenture Supplement, the Equipment Notes, the Lease, or the Debt Participation Agreement or the enforcement of any of the terms of any thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, nonacceptance, rejection, ownership, delivery, lease, sublease, registration, re-registration, possession, use, operation, condition, sale, return or other disposition of the Items of Equipment or any part thereof (including, without limitation, latent and other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Indenture Estate or the action or inaction of the Lessor, the

Lessee, or the Indenture Trustee hereunder except only in the case of willful misconduct or gross negligence of the Indenture Trustee in the performance of its duties hereunder or the breach of any of its representations and warranties set forth herein or in Section 7 of the Debt Participation Agreement; provided that the Indenture Trustee shall not make any claim under this Section 7.01 for any claim or expense indemnified against by the Lessee under the Debt Participation Agreement without first making demand on the Lessee for payment of such claim or expense; provided, further that, notwithstanding any provision to the contrary herein, the scope of the Lessor's indemnity obligations under this Section 7.01 shall not exceed the scope of the indemnity obligations of the Lessee under Section 11 of the Debt Participation Agreement.

ARTICLE VIII

SUCCESSOR TRUSTEES

Section 8.01. Resignation of Indenture Trustee; Appointment of Successor. (a) The resignation or removal of the Indenture Trustee and the appointment of a successor Indenture Trustee shall become effective only upon the successor Indenture Trustee's acceptance of appointment as provided in this Section 8.01. The Indenture Trustee or any successor thereto may resign at any time without cause by giving at least 30 days' prior written notice to the Lessor, the Lessee and the holders of the Equipment Notes. A Majority in Interest may at any time remove the Indenture Trustee without cause by an instrument in writing delivered to the Lessor, the Lessee and the Indenture Trustee. In addition, the Lessee, on behalf of the Lessor, may remove the Indenture Trustee if: (i) the Indenture Trustee fails to comply with Section 8.01(c), (ii) the Indenture Trustee is adjudged a bankrupt or an insolvent, (iii) a receiver or public officer takes charge of the Indenture Trustee or its property or (iv) the Indenture Trustee becomes incapable of acting as provided herein.

In the case of the resignation or removal of the Indenture Trustee, the Lessee, on behalf of the Lessor, shall promptly appoint a successor Indenture Trustee, provided that a Majority in Interest may appoint, within one year after such resignation or removal, a successor Indenture Trustee which may be other than the successor Indenture Trustee appointed as provided above, and such successor Indenture Trustee appointed as provided above shall be superseded by the successor Indenture Trustee so appointed by a Majority in

Interest. If a successor Indenture Trustee shall not have been appointed and accepted its appointment hereunder within 60 days after the Indenture Trustee gives notice of resignation as provided above, the retiring Indenture Trustee, the Lessee, the Lessor or a Majority in Interest may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee. Any successor Indenture Trustee so appointed by such court shall immediately and without further act be superseded by any successor Indenture Trustee appointed as provided in the proviso to the fifth sentence of this paragraph (a) within one year from the date of the appointment by such court.

(b) Any successor Indenture Trustee, however appointed, shall execute and deliver to the Lessor and the Lessee and to the predecessor Indenture Trustee an instrument accepting such appointment, and thereupon such successor Indenture Trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Indenture Trustee hereunder in the trusts hereunder applicable to it with like effect as if originally named the Indenture Trustee herein; but nevertheless, upon the written request of such successor Indenture Trustee, such predecessor Indenture Trustee shall execute and deliver an instrument transferring to such Indenture Trustee, upon the trusts herein expressed applicable to it, all the estates, properties, rights, powers and trusts of such predecessor Indenture Trustee, and such Indenture Trustee shall duly assign, transfer, deliver and pay over to such successor Indenture Trustee all monies or other property then held by such predecessor Indenture Trustee hereunder.

(c) The Indenture Trustee shall be a bank or trust company having a combined capital and surplus of at least $100,000,000 (or the obligations and liabilities of which are irrevocably and unconditionally guaranteed by an affiliated company having a combined capital and surplus of at least $100,000,000), if there be such an institution willing, able and legally qualified to perform the duties of the Indenture Trustee hereunder upon reasonable or customary terms.

(d) Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Indenture Trustee may be transferred, shall, subject to the terms of paragraph (c) of this Section, be the Indenture Trustee under this Indenture without further act.

ARTICLE IX

SUPPLEMENTS AND AMENDMENTS TO THIS INDENTURE AND OTHER DOCUMENTS

Section 9.01. (a) Supplemental Indentures Without Consent of Holders. The Lessor, the Lessee and the Indenture Trustee, at any time and from time to time, without notice to or the consent of any holders of any Equipment Notes, may enter into one or more indentures supplemental hereto for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the lien of this Indenture or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subject to the lien of this Indenture or to subject to the lien of this Indenture any Item of Equipment or Items of Equipment substituted for any Item of Equipment or Items of Equipment in accordance with the Lease; provided, however, that indenture supplements entered into for the purpose of subjecting to the lien of this Indenture any Item of Equipment or Items of Equipment substituted for any in accordance with the Lease need only be executed by the Lessor; or

(ii) to evidence (in accordance with Article VIII) the succession of a new Indenture Trustee hereunder; or

(iii) to add to the covenants of the Lessor, for the benefit of the holders of the Equipment Notes, or to surrender any right or power herein conferred upon the Lessor; or

(iv) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder so long as any such action does not adversely affect the interests of the holders of the Equipment Notes; or

(v) to evidence the Discharge and Conversion as provided in Section 2.11;

provided that without the consent of the Lessee, no such supplement to this Indenture or waiver or modification of the terms hereof shall alter or modify Article III or IX or the provisions of the proviso to Section 4.03(a) or Section 2.01, 2.02, 2.05, 2.10 or 4.05.

(b) Supplemental Indentures With Consent of Majority In Interest. With the written consent of a Majority in Interest, the Lessor and the Lessee may, and the Indenture Trustee, subject to Section 9.02 hereof, shall, at any time and from time to time, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights and obligations of holders of the Equipment Notes and of the Lessor under this Indenture; provided, however, without the consent of each holder of an Equipment Note affected thereby, no such supplemental indenture shall:

(1) change the final maturity of the principal of any Equipment Note, or change the dates or amounts of payment of any installment of the principal of or premium, if any, or interest on any Equipment Note, or reduce the principal amount thereof or the premium, if any, or interest thereon, or change to a location outside the United States the place of payment where, or the coin or currency in which, any Equipment Note or the premium, if any, or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment of principal or premium, if any, or interest on or after the date such principal or premium, if any, or interest becomes due and payable; or

(2) create any lien with respect to the Indenture Estate ranking prior to, or on a parity with, the security interest created by this Indenture except such as are permitted by this Indenture, or deprive any holder of an Equipment Note of the benefit of the lien on the Indenture Estate created by this Indenture; or

(3) reduce the percentage in principal amount of the Equipment Notes, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver (of compliance with certain provisions of this Indenture, or of certain defaults hereunder and their consequences) provided for in this Indenture; or

(4) modify any provisions of this Section 9.01(b), except to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the holder of each Equipment Note affected thereby;

provided that without the consent of the Lessee, no such supplement to this Indenture or waiver or modification of the

terms hereof shall alter or modify Article III or IX or the provisions of the proviso to Section 4.03(a) or Section 2.01, 2.02, 2.05, 2.10 or 4.05.

Section 9.02. Indenture Trustee Protected. If in the opinion of the Indenture Trustee any document required to be executed pursuant to the terms of Section 9.01 adversely affects any right, duty, immunity or indemnity in favor of the Indenture Trustee under this Indenture, the Debt Participation Agreement or the Lease, the Indenture Trustee may in its discretion decline to execute such document.

Section 9.03. Request of Substance, Not Form. It shall not be necessary for the consent of the holders of Equipment Notes under Section 9.01(b) to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Section 9.04. Documents Mailed to Holders. Promptly after the execution by the Indenture Trustee of any document entered into pursuant to Section 9.01(b), the Indenture Trustee shall mail, by first-class mail, postage prepaid, a conformed copy thereof to each holder of an Equipment Note at its address last known to the Indenture Trustee, but the failure of the Indenture Trustee to mail such conformed copies shall not impair or affect the validity of such document.

Section 9.05. Amendments, Waivers, etc. of Other Documents. (a) Without the consent of a Majority in Interest or such higher number of holders of Equipment Notes as provided in Section 9.05(c) below, the respective parties to the Lease and the Assignment Agreement may not modify, amend or supplement any of such agreements, or give any consent, waiver, authorization or approval thereunder, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the respective parties thereunder; provided, however, that the actions specified in subsection (b) of this Section 9.05 may be taken without the consent of the Indenture Trustee or of any holder of an Equipment Note.

(b) Subject to the provisions of subsection (c) of this Section 9.05, the respective parties to the Lease and the Assignment Agreement, at any time and from time to time without the consent of the Indenture Trustee or of any holder of an Equipment Note, may:

(1) so long as no Indenture Event of Default shall have occurred and be continuing, modify, amend or supplement the Lease, or give any consent, waiver, authorization or approval with respect thereto, except that without compliance with subsection (a) of this Section 9.05, the parties to the Lease shall not modify, amend or supplement, or give any consent, waiver, authorization or approval for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the respective parties thereunder, with respect to the following provisions of the Lease: Section 2, Section 3(a) (if the result thereof would be to shorten the Term (as defined in the Lease) to a period shorter than the period ending with the final maturity of the Equipment Notes), Section 3(b) (if the result thereof would be to decrease the Basic Rent payable in Dollars), Section 3(c), Section 5(c), Section 6, Section 7 (except Section 7(e)), Section 9 (except that (i) additional requirements may be imposed on the Lessee's ability to terminate the Lease and (ii) any amount payable pursuant thereto in Yen may be changed), Section 10 (except that (i) additional requirements may be imposed on the Lessee's ability to replace an Item of Equipment subject to an Event of Loss and (ii) any amount payable pursuant thereto in Yen can be changed), Section 11 (except that (i) additional insurance requirements may be imposed on the Lessee, (ii) the 30-day periods set forth in clause (d) of the first sentence thereof may be reduced to a shorter time period (but not less than 15 days) as may be customary in such policies and (iii) the provisions of the second sentence thereof can be amended if the costs to the Lessee of complying therewith become unduly burdensome and the Lessee provides the Indenture Trustee an Officer's Certificate to such effect), Section 12, Section 13 (b)(iv) and the first sentence of the first paragraph of Section 13(c), Section 14, Section 15, Section 16, Section 18, Section 19, Section 21(d), (e), (f) and (g), Section 22 and Section 24; provided that, in the event an Indenture Event of Default shall have occurred and be continuing, the Indenture Trustee shall have all rights of the Lessor as "Lessor" under the Lease to modify, amend or supplement the Lease or give any consent, waiver, authorization or approval thereunder, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the "Lessor" thereunder; provided, further that, subject to the Indenture Trustee's rights to exercise remedies under

Section 15 of the Lease without the prior consent of the Lessor, and whether or not an Indenture Event of Default shall have occurred and be continuing, no such action shall be taken with respect to any of the provisions of the Lease set forth above and any definition of terms used in the Lease, to the extent that any modification of such definition would result in a modification of the Lease not permitted pursuant to this proviso or, to the extent such action shall affect the amount or timing of any amounts payable by the Lessee under the Lease as originally executed (or as subsequently modified with the consent of the Lessor) which, absent the occurrence and continuance of an Indenture Event of Default, will be distributable to the Lessor under Article III or any other section of the Lease; and any definition of terms used in the Lease, to the extent that any modification of such definition would result in a modification of the Lease not permitted pursuant to this subsection (b);

(2) so long as no Indenture Event of Default shall have occurred and be continuing, modify, amend or supplement the Assignment Agreement, or give any consent, waiver, authorization or approval with respect thereto, except that without compliance with subsection (a) of this Section 9.05, the parties to the Assignment Agreement shall not modify, amend or supplement, or give any consent, waiver, authorization or approval for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the respective parties thereunder, with respect to the following provisions of the Assignment Agreement: Section 2.1, Section 2.3, Section 3, Section 5, Section 6.2, Section 7, Section 8; provided that, in the event an Indenture Event of Default shall occur and be continuing, the Indenture Trustee shall have all rights of the Lessor as "Assignee" under the Assignment Agreement to modify, amend or supplement the Assignment Agreement or give any consent, waiver, authorization or approval thereunder, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the "Assignee" thereunder; provided further that, whether or not on an Indenture Event of Default shall have occurred and be continuing, no such action shall be taken with respect to any of the provisions of the Assignment Agreement set forth above and any definition of terms used in the Assignment Agreement, to the extent that any modification of such definition would result in modification of the Assignment Agreement not permitted

pursuant to this proviso or, to the extent such action shall affect the amount or timing of any amounts payable by any party under the Assignment Agreement as originally executed (or as subsequently modified with the consent of the Lessor) which, absent the occurrence and continuance of an Indenture Event of Default, will be distributable to the Lessor under Article III or any other section of Assignment Agreement; and any definition of terms used in the Assignment Agreement, to the extent that any modification of such definition would result in the modification of the Assignment Agreement not permitted pursuant to this subsection (b);

(3) modify, amend or supplement any of said agreements in order to cure any ambiguity, to correct or supplement any provision thereof which may be defective or inconsistent with any other provision thereof or any provision of this Indenture, or to make any other provision with respect to matters or questions arising thereunder or under this Indenture which shall not be inconsistent with the provisions of this Indenture, provided any such action shall not adversely affect the interests of the holders of the Equipment Notes.

(c) Notwithstanding the foregoing, no modification, amendment, supplement, consent, waiver, authorization or approval with respect to the Lease or the Assignment Agreement, whether effected pursuant to subsection (a) or pursuant to subsection (b) of this Section 9.05, and anything in such subsections or elsewhere in this Indenture to the contrary notwithstanding, shall, without the consent of the holder of each Equipment Note affected thereby:

(1) modify, amend or supplement the Lease in such a way as to extend the time of payment of any Dollar Payment Obligation or reduce the amount of any installment of Basic Rent so that the Dollar portion thereof is less than the payment of interest and principal on the Equipment Notes, as the case may be, to be made from such installment of Basic Rent or reduce the aggregate amount of any other Dollar Payment Obligations so that the same is less than the accrued interest on, principal of, and premium (if any) on the Equipment Notes required to be paid at the time of such payments;

(2) modify, amend or supplement the Lease in such a way as to, or consent to any assignment of the Lease or give any consent, waiver, authorization or approval which would, release the Lessee from its obligation in respect of payment of any Dollar Payment Obligation; or

(3) modify, amend or supplement any part of Section 3(d) of the Lease relating to the payment of Dollar Payment Obligations or provide for any payment of Dollar Payment Obligations other than as permitted under the Payment Instruction Letter.

ARTICLE X

ACKNOWLEDGMENT BY THE LESSEE; SUBORDINATION

Section 10.01 Acknowledgment by the Lessee. The Lessee acknowledges and consents to the assignment and security interest set forth in the Granting Clause hereof, and the Lien created by this Indenture, with respect to the Items of Equipment and the Lease and the Assignment Agreement and agrees to pay all amounts with respect to the Dollar portion of any Basic Rent, Purchase Price or Deficiency Payment and all Basic Termination Payments and Casualty Value Termination Payments directly to the Dollar Account unless instructed by the Lessor to pay such amounts into such other account at the Indenture Trustee as the Indenture Trustee shall notify to the Lessee, in which event the Lessee will so pay such amount to such other account. In addition, the Lessee (i) agrees that its interest in the Items of Equipment is subordinate in all respects to the security interest therein created in favor of the Indenture Trustee pursuant to this Indenture, (ii) consents to the exercise by the Indenture Trustee of the rights and remedies set forth in Article IV with respect to the Items of Equipment upon the occurrence of an Indenture Event of Default and (iii) agrees that any such exercise shall divest the Lessee of all rights in the Items of Equipment notwithstanding any covenant of quiet enjoyment made by the Lessor to the Lessee in the Lease.

ARTICLE XI

FURTHER COVENANTS OF THE LESSOR

Section 11.01. Further Affirmative Covenants of the Lessor. The Lessor hereby further covenants, unless the Indenture Trustee shall otherwise expressly consent in writing, as follows:

(1) it shall perform each of its obligations to the Indenture Trustee under the Operative Documents and comply with all material requirements of any law, rule or regulation applicable to it; and

(2) it shall maintain its corporate existence and shall at all times continue to be duly organized under the laws of the Cayman Islands.

Section 11.02. Further Negative Covenants of the Lessor. The Lessor hereby further covenants, unless the Indenture Trustee shall otherwise expressly consent in writing, as follows:

(1) it shall not create, incur or suffer to exist any indebtedness or liability of any kind other than the Equipment Notes, the rights of any Kumiai-in under a Tokumei Kumiai Agreement and expenses incurred in connection with the consummation of the transactions permitted in Section 11.02(4);

(2) it shall not create, incur or suffer to exist, or agree to create, incur or suffer to exist, or consent to cause or permit in the future (upon the happening of a contingency or otherwise) the creation, incurrence or existence of any Lessor's Lien on any of its assets except for Liens in favor of the Indenture Trustee;

(3) It shall not consolidate with or merge with or into any Person or transfer all or any material amount of its assets, except as otherwise contemplated by the Operative Documents, to any Person or liquidate or dissolve; and

(4) It shall not:

(i) sell, transfer, exchange or otherwise dispose of any of its assets except as permitted under the Operative Documents;

(ii) engage in any business or activity other than the transactions contemplated by the Operative Documents and matters reasonably ancillary thereto; or

(iii) except as provided in the Payment Instruction Letter, change the payment instructions set forth therein regarding payments described in the Lease.

ARTICLE XII

THE LESSEE

Section 12.01. Maintenance of Corporate Existence. The Lessee, at its own cost and expense, will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, except as otherwise specifically permitted in Section 12.02; provided, however, that the Lessee shall not be required to preserve any right or franchise if the Lessee shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Lessee and that the loss thereof is not prejudicial in any material respect to the holders of Equipment Notes.

Section 12.02. Consolidation, Merger or Sale of Assets Permitted. (a) The Lessee covenants that it will not merge or consolidate with or into any other corporation or sell, convey or otherwise dispose of all or substantially all of its assets to any Person unless (i) either (A) the Lessee shall be the continuing corporation or (B) the successor corporation (if other than the Lessee) shall be a corporation organized and existing under the laws of the United States of America or a State thereof or the District of Columbia, and such corporation shall expressly assume the due and punctual performance and observance of all of the covenants and conditions of this Indenture, the Lease, the Pass Through Trust Agreement, the Debt Participation Agreement and each other Operative Document to which the Lessee is a party to be performed by the Lessee by supplemental agreements given by such successor corporation to the Indenture Trustee; (ii) such successor corporation shall make such filings and recordings as shall be necessary, desirable or otherwise required to evidence such reorganization, consolidation, merger, conveyance or other disposition; (iii) immediately after giving effect to such transaction, no Indenture Event of Default shall have occurred and be continuing; (iv) the Lessee shall have delivered to the Indenture Trustee an Officer's Certificate and an opinion of counsel to the Lessee or such successor corporation, as the case may be, each stating that (x) such reorganization, consolidation, merger, conveyance or other disposition and the assumption agreement described in clause (i)(B) above comply with such clause (and in the case of such certificate, clause (iii) of this Section 12.02(a) also), (y) the agreement entered into to effect such reorganization, consolidation, merger, conveyance or other disposition and the assumption agreement described in clause (i)(B) above, are legal, valid and binding obligations of the Lessee or such successor corporation, as the case may be, and

enforceable in accordance with their terms except as such enforceability may be limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws and equitable principals effecting the enforcement of creditors' rights generally, and (z) all conditions precedent herein provided for relating to such transactions have been complied with; and (v) such reorganization, consolidation, merger, conveyance or other disposition shall not have a material adverse effect on the benefits available to Indenture Trustee pursuant to 11 U.S.C. § 1168.

(b) In case of any such merger, consolidation, sale, conveyance or other disposition and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for the Lessee hereunder, with the same effect as if it had been named herein as the party of the first part.

Section 12.03. Annual Statements as to Compliance by the Lessee. The Lessee covenants and agrees to deliver to the Indenture Trustee on or before a date not more than 120 days after the end of each fiscal year of the Lessee ending after the date hereof, an Officer's Certificate stating as to the officer signing such certificate, whether or not to the best of such officer's knowledge the Lessee has kept, observed, performed and fulfilled each and every such covenant contained in this Indenture and is in compliance with all of the terms, provisions and conditions hereof, and, if the Lessee shall be in default, specifying all such defaults and the nature hereof, of which such officer may have knowledge.

Section 12.04. Lifting of Lessor's Liens. The Lessee hereby covenants and agrees that it shall, at all times, keep the Indenture Estate free and clear of all Lessor's Liens not promptly discharged by the Lessor pursuant to Section 4(b) of the Lease.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Release of Property. With respect to each Item of Equipment, this Indenture and the trusts created hereby shall terminate and this Indenture shall be of no further force or effect upon the earliest to occur of (i) the termination of the Lease with respect to such Item of Equipment pursuant to Section 10 thereof and upon payment in full to the Indenture Trustee of the amounts required to be

paid pursuant to Section 2.10(b) in respect of such Item of Equipment, and (ii) the payment in full of the principal amount of and interest and premium (if any) on all Equipment Notes outstanding hereunder and all other sums payable to the Indenture Trustee and the holders of the Equipment Notes hereunder and under such Equipment Notes and under the Debt Participation Agreement, and, in any such event, the Indenture Trustee shall, upon the written request of the Lessor or the Lessee, execute and deliver to, and at the expense of, the Person submitting such request, an appropriate instrument (in due form for recording) furnished by such Person to the Indenture Trustee, releasing such Item of Equipment from the Lien of this Indenture. Upon the partial prepayment of the Equipment Notes under Section 2.10(b) hereof as the result of an Event of Loss with respect to any Item of Equipment or upon the subjection to the Lien of this Indenture of a Replacement Item of Equipment as a result of an Event of Loss or otherwise, the Indenture Trustee shall, upon the written request of the Lessor or the Lessee, execute and deliver to, and at the expense of, the Person submitting such request, an appropriate instrument (in due form for recording) furnished by such Person to the Indenture Trustee, releasing the Item of Equipment with respect to which such prepayment or substitution occurred from the Lien of this Indenture.

Section 13.02. No Legal Title to Indenture Estate in Holders. No holder of an Equipment Note shall have legal title to any part of the Indenture Estate. No transfer, by operation of law or otherwise, of any Equipment Note or other right, title and interest of any holder of an Equipment Note in and to the Indenture Estate or hereunder shall operate to terminate this Indenture or the trusts hereunder or entitle any successor or transferee of such holder to an accounting or to the transfer to it of legal title to any part of the Indenture Estate.

Section 13.03. Sale of Items of Equipment by Indenture Trustee Is Binding. Any sale or other conveyance of any Items of Equipment by the Indenture Trustee made pursuant to the terms of this Indenture or the Lease shall bind the holders of the Equipment Notes and the Lessor and shall be effective to transfer or convey all right, title and interest of the Indenture Trustee, the Lessor and such holders of the Equipment Notes in and to the Equipment. 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 Indenture Trustee.

Section 13.04. Remedies Cumulative. Each and every right, power and remedy herein specifically given to the Indenture Trustee or otherwise in this Indenture shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Indenture Trustee, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the time or thereafter any other right, power or remedy. No delay or omission by the Indenture Trustee in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Lessor or the Lessee or to be an acquiescence therein.

Section 13.05. Discontinuance of Proceedings. In case the Indenture Trustee shall have proceeded to enforce any right, power or remedy under this Indenture by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Indenture Trustee, then and in every such case the Lessor, the Indenture Trustee and the Lessee shall be restored to their former positions and rights hereunder with respect to the Indenture Estate, and all rights, remedies and powers of the Indenture Trustee shall continue as if no such proceedings had been undertaken (but otherwise without prejudice).

Section 13.06. Indenture and Equipment Notes for Benefit of Lessor, Indenture Trustee and Holders Only. Nothing in this Indenture, whether express or implied, shall be construed to give to any Person other than the Lessor, the Indenture Trustee, the Lessee and the holders of the Equipment Notes any legal or equitable right, remedy or claim under or in respect of this Indenture or any Equipment Note.

Section 13.07. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices required or permitted under the terms and provisions hereof shall be in writing, and shall become effective when deposited in the United States mail, with proper postage for first class registered or certified mail prepaid, when delivered personally, or, if promptly confirmed by mail as provided above, when dispatched by telegram, telex or other written telecommunication addressed (i) if to the Lessor, c/o Babcock & Brown, Incorporated, 639 Front Street, Suite

400, San Francisco, CA 94111, Attention: Head of Contract Administration, Telecopy/Telefax: (415) 391-8488, with a copy to Nomura Babcock & Brown Co., Ltd. at Dai-Ichi Edobashi Building, 1-11-1, Nihonbashi, Chuo-ku, Tokyo 103, Japan, Attention: General Manager, Telex J33704, Answerback: NOMBAB, Telecopy/Telefax: 011-81-3-3281-0215, (ii) if to the Indenture Trustee, at its office at 555 South Flower Street, Suite 2700, Los Angeles, California 90071-2429, Attention: John Grochowiak, Telecopy/Telefax: (213) 489-3371 or (213) 489-4095, (iii) if to any holder of Equipment Notes, at such address set forth in the register maintained pursuant to Section 2.07 hereof, or at such address as such holder of Equipment Notes shall have furnished by notice to the Lessor and the Indenture Trustee, (iv) if to the Lessee, at Six Penn Plaza, Philadelphia, Pennsylvania 19103, Attention: Assistant Treasurer-Financing, Telex 834-510, Telecopy/Telefax: (215) 977-5346, and (v) if to any of the foregoing Persons, at such other address as such Person shall from time to time designate by written notice to the other parties hereto in accordance with this Section 13.07.

Notwithstanding the foregoing provisions, for purposes of Sections 4.01, 4.02, 5.01 and 5.02, written notice shall be deemed given when it is in fact received (by mail or otherwise) by any addressee at the respective addresses specified above.

Notwithstanding any other provision hereof, if an installment of the Dollar portion of Basic Rent or any payment of principal of, premium, if any, and interest on the Equipment Notes is not received by the Indenture Trustee when due, the Indenture Trustee shall on the next succeeding Business Day use its reasonable best efforts to give immediate written notice by telex or its equivalent or by telephone (confirmed in writing) to the Lessor, each holder of an Equipment Note and the Lessee, which shall be effective when given.

Section 13.08. Severability. Any provision of this Indenture which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or enforceability 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. In the event of any inconsistency or conflict between any provision of this Indenture and any provision of the Pass Through Trust Agreement, such provision in this Indenture shall govern and control.

Section 13.09. Separate Counterparts. This Indenture 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 Indenture including a signature page executed by each of the parties hereto shall be an original counterpart of this Indenture, but all of such counterparts together shall constitute one instrument.

Section 13.10. Successors and Assigns. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Lessor and its successors and permitted assigns, the Lessee and its successors and permitted assigns, and the Indenture Trustee and its successors and permitted assigns, and each holder of any Equipment Note, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by any holder of an Equipment Note shall bind the successors and assigns of such holder.

Section 13.11. Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 13.12. Governing Law. THIS INDENTURE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

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

U.S. TRUST COMPANY OF CALIFORNIA, N.A., as Indenture Trustee

By Rebecca B. Walsh
Title: Authorized Signatory

HOLLIDAYSBURG LOCOMOTIVE LEASE CO., LTD.

By Thomas M. Tuggle
Title: VP

CONSOLIDATED RAIL CORPORATION

By Thomas J. McGraw
Title: Director - Financing

STATE OF PENNSYLVANIA)
) ss:
COUNTY OF PHILADELPHIA)

On this 28th day of May, 1991 before me personally appeared, Thomas M Tuggle, to me personally known, who being by me duly sworn, says that he is the Vice President of Hollidaysburg Locomotive Lease Co., Ltd., that said instrument was signed on May 28, 1991 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sworn to before me this
28th day of May, 1991.

Lynn A McDowell
Notary Public

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

STATE OF PENNSYLVANIA)
) ss:
COUNTY OF PHILADELPHIA)

On this 28th day of May, 1991 before me personally appeared, Thomas J. McGraw, to me personally known, who being by me duly sworn, says that he is the Director-Financing of Consolidated Rail Corporation, that said instrument was signed on May 28, 1991 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sworn to before me this
28th day of May, 1991.

Lynn A McDowell
Notary Public

NOTARIAL SEAL
LYNN A McDOWELL, NOTARY PUBLIC
PHILADELPHIA, PHILADELPHIA COUNTY
MY COMMISSION EXPIRES OCT. 26, 1992
Member, Pennsylvania Association of Notaries

STATE OF PENNSYLVANIA)
) ss:
COUNTY OF PHILADELPHIA)

On this 28th day of May, 1991 before me personally appeared, Rebecca B Wilson, to me personally known, who being by me duly sworn, says that she is the authorized signatory of U.S. Trust Company of California, N.A., that said instrument was signed on May 28, 1991 on behalf of said national association by authority of its Board of Directors, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

Sworn to before me this
28th day of May, 1991.

Lynn A McDowell
Notary Public

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

Member, Pennsylvania Association of Notaries

EXHIBIT A
Trust Indenture
and Security Agreement
(Conrail 1991-C)

FORM OF TRUST INDENTURE SUPPLEMENT
(CONRAIL 1991-C) NO. ___

This INDENTURE SUPPLEMENT (CONRAIL 1991-C) No. __, dated _____ (this "Indenture Supplement"), by and among HOLLIDAYSBURG LOCOMOTIVE LEASE CO., LTD., a Cayman Islands corporation ("Lessor"), CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation (the "Lessee"), and U.S. TRUST COMPANY OF CALIFORNIA, N.A., a national banking association, as Indenture Trustee (the "Indenture Trustee");

W I T N E S S E T H :

WHEREAS, the Trust Indenture and Security Agreement (Conrail 1991-C), dated as of May 29, 1991 (the "Indenture"), by and among the Lessor, the Lessee and the Indenture Trustee, provides for the execution and delivery of Indenture Supplements thereto substantially in the form hereof which shall particularly describe the Items of Equipment, by having attached thereto a copy of the Lease Supplement, and shall specifically mortgage the Items of Equipment to the Indenture Trustee; and

WHEREAS, the Indenture relates to the Items of Equipment described in the copy of the Lease Supplement of even date herewith attached hereto and made a part hereof, and a counterpart of the Indenture is attached to and made a part of this Indenture Supplement;

NOW, THEREFORE, in order to secure the prompt payment of the principal of, and premium, if any, and interest on all of the Equipment Notes from time to time outstanding under the Indenture and the performance and observance by the Lessor of all the agreements, covenants and provisions in the Indenture and in the Equipment Notes for the benefit of the holders of the Equipment Notes, subject to the terms and conditions of the Indenture, and in consideration of the premises and of the covenants contained in the Indenture and of the acceptance of the Equipment Notes by the holders thereof, and of the sum of $1.00 paid to the Lessor by the Indenture Trustee at or before the delivery hereof, the receipt whereof is hereby acknowledged, the Lessor, in accordance with the Granting Clause of the

Indenture, (i) has sold, assigned, transferred, pledged and confirmed, and does hereby sell, assign, transfer, pledge and confirm, the property comprising the Items of Equipment described in the copy of the Lease Supplement attached hereto (ii) has sold, assigned, transferred and set over, all of the right, title and interest of the Lessor under, in and to the Lease Supplement of even date herewith, referred to above, to the Indenture Trustee, its successors and assigns, in the trust created by the Indenture for the benefit of the holders from time to time of the Equipment Notes.

To have and to hold all and singular the aforesaid property unto the Indenture Trustee, its successors and assigns, in trust for the benefit and security of the holders from time to time of the Equipment Notes and for the uses and purposes and subject to the terms and provisions set forth in the Indenture.

This Indenture Supplement shall be construed as supplemental to the Indenture and shall form a part of each, and the Indenture is each hereby incorporated by reference herein and each is hereby ratified, approved and confirmed.

This Indenture Supplement is being delivered in the State of New York.

This Indenture Supplement may be executed by the Lessor, the Lessee and the Indenture Trustee in separate counterparts, each of which when so executed and delivered is an original, but all such counterparts shall together constitute but one and the same Supplement.

AND FURTHER, the Lessor hereby acknowledges that the Items of Equipment referred to in the aforesaid Lease Supplement attached hereto and made a part hereof have been delivered to the Lessor and are included in the property of the Lessor, subject to the pledge or mortgage thereof under the Indenture.

IN WITNESS WHEREOF, the Lessor has caused this Indenture Supplement to be duly executed by one of its duly

authorized officers, as of the day and year first above written.

HOLLIDAYSBURG LOCOMOTIVE LEASE CO.,
LTD.

By_____
Title:

Acknowledged:

CONSOLIDATED RAIL CORPORATION

By_____
Title:

U.S. TRUST COMPANY OF CALIFORNIA,
N.A., as Indenture Trustee

By_____
Title:

EXHIBIT B
Trust Indenture and
Security Agreement (Conrail 1991-C)

PURCHASERS OF SERIES C EQUIPMENT NOTES

Purchaser	Denomination of Equipment Notes	Percentage of Principal Amount
U.S. Trust Company of California, N.A., as Trustee under the Pass Through Trust Agreement dated as of May 29, 1991 between U.S. Trust Company of California, N.A. and Consolidated Rail Corporation.	$11,191,820	100%

EXHIBIT C

ASSIGNMENT OF LESSOR'S INTEREST IN LEASE
AND SUPPLEMENTAL INDENTURE

This ASSIGNMENT OF LESSOR'S INTEREST IN LEASE AND SUPPLEMENTAL INDENTURE (CONRAIL 1991-C) No. __, dated _____ (this "Supplemental Indenture"), by and among HOLLIDAYSBURG LOCOMOTIVE LEASE CO., LTD., a Cayman Islands corporation (the "Lessor"), CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation (the "Lessee"), and U.S. TRUST COMPANY OF CALIFORNIA, N.A., a national banking association, as Indenture Trustee (the "Indenture Trustee");

W I T N E S S E T H :

WHEREAS, the parties hereto are also parties to a Trust Indenture and Security Agreement (Conrail 1991-C), dated as of May 29, 1991 (as the same may have been modified, amended and supplemented from time to time, and as the same is modified herein the "Indenture") (capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Indenture), which, among other things, provides for the mortgage of Items of Equipment (as defined in the Indenture) to the Indenture Trustee; and

WHEREAS, the Indenture relates to those Items of Equipment described in the various Indenture Supplements thereto, as such Items of Equipment are described in Schedule 1 annexed hereto;

WHEREAS, Section 2.11 of the Indenture, provides that if certain conditions, including the execution and delivery of this Supplemental Indenture, and the making of certain payments to the Lessor, are satisfied, (i) the Lessor shall be discharged from all obligations under the Equipment Notes and the Indenture, (ii) the Lessor shall transfer and assign to the Indenture Trustee all of its right, title and interest in and to (A) the Lease, including the right to receive the Dollar Payment Obligations thereunder (except as otherwise specified in Section 2 hereof), and (B) the Items of Equipment, and (iii) the Equipment Notes shall be converted into Certificates of Participation; and

WHEREAS, the execution of this Supplemental Indenture has been duly authorized by the Lessee and the other parties hereto;

NOW, THEREFORE, the parties hereto agree as follows:

1. Discharge of Obligations of Lessor; Certain Obligations of the Lessee. The Lessor is hereby discharged from all of its obligations and undertakings under the Indenture and the Equipment Notes. In furtherance of the Discharge and Conversion, the Lessee hereby agrees to perform the undertakings expressed to be those of the "Lessor" under the Indenture from the date hereof (other than the indebtedness of the Lessor evidenced by, and all other obligations of the Lessor under, the Equipment Notes, which have been discharged by the Discharge and Conversion, and other than the obligations of the Lessor under Article XI of the Indenture) and from and after the date hereof each reference in the Indenture (other than references in the Equipment Notes and Article XI as aforesaid) to the Lessor shall hereafter be deemed to be a reference to the Lessee. Nothing herein contained shall be deemed to constitute an assumption by the Lessee of the indebtedness of the Lessor evidenced by the Equipment Notes. From and after the Conversion Date, the obligations of the Lessee under the Indenture shall be full recourse obligations of the Lessee, notwithstanding any limitation on recourse set forth in the Indenture.

2. Transfer and Assignment; Confirmation of Rent Payment. The Lessor hereby irrevocably transfers, assigns and conveys to the Indenture Trustee all of its right, title and interest in and to (i) the Lease, including, without limitation, the Dollar Payment Obligations thereunder, and (ii) the Items of Equipment, except that the Lessor retains and reserves all of its rights against the Lessee under Section 20 of the Lease with respect to any occurrence or circumstance arising on or prior to the date hereof, provided that the Lessor may only enforce such rights as an unsecured creditor of the Lessee and the Lessor shall not have any right to exercise remedies under the Lease. The Company hereby acknowledges and consents to such transfer, assignment and conveyance and agrees that from the date hereof it shall make all payments due and owing to the "Lessor" under the Lease directly to the Indenture Trustee at such account in the United States as the Indenture Trustee shall direct. The parties acknowledge that the obligations of the Lessee under the Lease arising from and after the date hereof with respect to payments of Basic Rent denominated in Yen and with respect to Special Termination Payment and the Yen component of Purchase Price and Deficiency Payment have been satisfied in full by payment to Lessor of a Special Termination Payment and the discharge of the Lessor's obligations under the

Indenture and the Equipment Notes pursuant to Section 1 hereof.

3. Conversion of Equipment Notes. On the Conversion Date, each Equipment Note shall automatically be converted into a Certificate of Participation with a principal amount equal to the principal amount of such Equipment Note so converted. The Indenture Trustee shall execute and deliver Certificates of Participation to holders of such Equipment Notes, on request of any such holder, as provided in Section 2.11 of the Indenture. Each reference in the Indenture to the Equipment Notes shall hereafter be a reference to the Certificates of Participation.

4. Confirmation of Lien. The Lessee hereby confirms the grant of the Lien in (A) Granting Clause (i) of the Indenture with respect to the Items of Equipment and (B) Granting Clause (iii) with respect to proceeds of the foregoing.

5. Part of Indenture. This Supplemental Indenture shall be construed as supplemental to the Indenture and shall form a part thereof, and, except as modified, amended and supplemented hereby, the Indenture is hereby ratified, approved and confirmed.

6. Further Assurances. The Lessee will take such action, including, without limitation, the filing of this Supplemental Indenture in all appropriate offices and the execution, delivery, and filing in all appropriate offices of such other documents as may be reasonably requested from time to time by the Indenture Trustee to carry out the intent and purpose of this Supplemental Indenture.

7. Governing Law. This Supplemental Indenture is being delivered in, and shall be governed in accordance with the laws of, the State of New York.

8. Counterparts. This Supplemental Indenture may be executed by the Company, the Lessor and the Indenture Trustee in separate counterparts, each of which when so executed and delivered is an original, but each such counterpart shall together constitute but one and the same Supplemental Indenture.

IN WITNESS WHEREOF, the Lessee, the Lessor and the Indenture Trustee have caused this Supplemental Indenture to

be duly executed by one of its duly authorized officers, as of the day and year first above written.

CONSOLIDATED RAIL CORPORATION

By_____
Title:

HOLLIDAYSBURG LOCOMOTIVE LEASE CO., LTD.

By_____
Title:

U.S. TRUST COMPANY OF CALIFORNIA, N.A.,
as Indenture Trustee

By_____
Title:

Annex A
Trust Indenture and
Security Agreement
(Conrail 1991-C)

AMORTIZATION SCHEDULE
8.59% SERIES C EQUIPMENT NOTE

Payment Date	Percentage of Remaining Principal Balance Payable (1)
25-Jun-91	0.412444089%
25-Sep-91	1.309837192%
25-Dec-91	1.355677034%
25-Mar-92	1.403799807%
25-Jun-92	1.454446203%
25-Sep-92	1.507593456%
25-Dec-92	1.563509696%
25-Mar-93	1.622487854%
25-Jun-93	1.684650191%
25-Sep-93	1.750336331%
25-Dec-93	1.819714899%
25-Mar-94	1.893289962%
25-Jun-94	1.971298964%
25-Sep-94	2.054118650%
25-Dec-94	2.142171717%
25-Mar-95	2.236047738%
25-Jun-95	2.336294719%
25-Sep-95	2.443653590%
25-Dec-95	2.558600500%
25-Mar-96	2.682184903%
25-Jun-96	2.815352299%
25-Sep-96	2.959062917%
25-Dec-96	3.114843199%
25-Mar-97	0.000000000%
25-Jun-97	3.283910698%
25-Sep-97	0.000000000%
25-Dec-97	3.468427964%
25-Mar-98	0.647682083%
25-Jun-98	3.708104888%
25-Sep-98	1.276847571%
25-Dec-98	4.012283021%
25-Mar-99	2.282011527%
25-Jun-99	4.419574079%
25-Sep-99	2.190452587%
25-Dec-99	4.877150639%
25-Mar-2000	2.109029444%
25-Jun-2000	5.396447526%
25-Sep-2000	2.038763829%
25-Dec-2000	5.992623294%
25-Mar-2001	1.979712998%
25-Jun-2001	6.686550330%
25-Sep-2001	1.933485162%
25-Dec-2001	7.506131519%

Annex A
Trust Indenture and
Security Agreement
(Conrail 1991-C)

AMORTIZATION SCHEDULE
8.59% SERIES C EQUIPMENT NOTE

Payment Date	Percentage of Remaining Principal Balance Payable (1)
25-Mar-2002	1.901653553%
25-Jun-2002	8.491816314%
25-Sep-2002	1.887589461%
25-Dec-2002	9.702864945%
25-Mar-2003	1.894619254%
25-Jun-2003	11.229682911%
25-Sep-2003	1.931484885%
25-Dec-2003	13.218833119%
25-Mar-2004	2.009907087%
25-Jun-2004	15.922306423%
25-Sep-2004	2.154004038%
25-Dec-2004	19.817935154%
25-Mar-2005	25.246507660%
29-May-2005	100.000000000%

(1) The percentage should be applied to the remaining principal balance of the Equipment Note after giving effect to prepayment, if any, to be made on the payment date.

APPENDIX A

DEFINITIONS

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

Defined Terms

"Affiliate" of any specified Person shall mean any other Person which directly or indirectly controls, or is controlled by, or is under a common control with, such Person. For the purpose of this definition, the term "control" when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

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

"Applicable Laws" shall mean 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" shall mean the Assignment Agreement (Conrail 1991-C), dated as of May 29, 1991, between the Lessee, as assignor, and the Lessor, as assignee, including the Consent and Amendment annexed thereto, as such Assignment Agreement may hereafter be amended, modified or supplemented.

"Assignment of Lessor's Interest in Lease and Supplemental Indenture" shall mean the document so titled, which is described in Section 2.11(b)(ii)(x) of the Indenture.

"Average Life Date" shall mean, with respect to the prepayment of an Equipment Note, the date which follows the prepayment date by a period equal to the Remaining Weighted Average Life of such Equipment Note.

"Bankruptcy Code" shall mean the United States Bankruptcy Reform Act of 1978, as amended from time to time, 11 U.S.C. § 101 et seq.

"Basic Rent" for the Items of Equipment shall mean the rent payable to the 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" shall mean, 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" shall mean a full warranty bill of sale executed by the Manufacturer for all of the Items of Equipment.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which commercial banking institutions are authorized or required by law, regulation or executive order to be closed in New York, New York, Philadelphia, Pennsylvania or Tokyo, Japan or a city in which the Trustee or any Indenture Trustee maintains its Corporate Trust Office.

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

"Certificates" shall mean those 8.59% Pass Through Trust Certificates, Series 1991-1, executed and authenticated by the Pass Through Trustee, pursuant to the terms of the Pass Through Trust Agreement on the original issuance thereof and any replacement Certificates thereto.

"Certificates of Participation" shall mean those 8.59% Certificates of Participation issued by the Indenture Trustee upon conversion of the Equipment Notes in accordance with provisions of Section 2.11 of the Indenture.

"Certificateholder or Holder" shall mean a Person defined as such in the Pass Through Trust Agreement.

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

"Closing Date" shall mean the date specified as such in Section 2(b) of the Debt Participation Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as in effect on the date hereof or as amended from time to time.

"Consent and Agreement" shall mean the Consent Agreement and Limited Joinder of the Manufacturer, dated as of May 29, 1991, annexed to the Assignment Agreement, as such Consent and Agreement may hereafter be amended, modified or supplemented.

"Conversion Date" shall mean the date on which the Equipment Notes are converted into Certificates of Participation pursuant to Section 2.11 of the Indenture.

"Corporate Trust Office" shall mean, with respect to the Pass Through Trustee and any Indenture Trustee, the office of such trustee in the city at which at any particular time its corporate trust business shall be principally administered.

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

"Custodian Agreement" shall mean the Custodian Agreement (Conrail 1991-C), dated as of May 29, 1991, among the Custodian, Lessor and Lessee.

"Debt Participation Agreement" shall mean the Debt Participation Agreement (Conrail 1991-C), dated as of May 29, 1991, among the Indenture Trustee, the Pass Through Trustee, the Lessor and the Lessee, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

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

"Delivery Date" shall mean 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 the Lessor under the Assignment Agreement and the Purchase Agreement and the Lessor leases the Items of Equipment to Lessee pursuant to the Lease.

"Discharge and Conversion" shall have the meaning specified in Section 2.11 of the Indenture.

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

"Dollar Account" shall mean the account of the Lessor specified as such in the Payment Instruction Letter.

"Dollar Payment Obligations" shall mean the obligations of the Lessee under the Lease to pay the Dollar portion of Basic Rent, Basic Termination Payments, Casualty Value Termination Payments, Deficiency Payments or Purchase Price.

"Equipment Notes" shall mean that certain Equipment Note, substantially in the form set forth in Section 2.01 of the Indenture, issued by the Lessor on or prior to the Closing Date and any other such Equipment Notes thereafter issued in exchange therefor or replacement thereof pursuant to Section 2.07 or 2.08 of the Indenture.

"Equity Participation Agreement" shall mean the Equity Participation Agreement (Conrail 1991-C) dated as of May 29, 1991, between the Lessor and the Lessee, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"ERISA" shall mean the Employment Retirement Income Security Act of 1974, as amended from time to time, or any successor law.

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

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

"Excepted Interests" shall mean (i) any indemnity payment and interest thereon paid or payable to the Lessor under the Lease; (ii) proceeds of public liability insurance in respect of the Items of Equipment paid or payable as a result of an insurance claim made, or losses suffered by, the Lessor; (iii) proceeds of insurance maintained in respect of the Items of Equipment by or for the benefit of the Lessor and not required under Section 11 of the Lease; (iv) any Basic Rent, Casualty Value Termination Payments, Special Termination Payments, Deficiency Payments or Purchase Price paid or payable in Yen under the Lease; (v) any amounts paid or payable to the Lessor under the Lease to reimburse the Lessor for expenses incurred by it in exercising any rights under, or performing or complying with any of the obligations of the Lessee under, the Lease; (vi) any payments or other amounts which would otherwise constitute part of the Indenture Estate, which have been released from the Lien of the Indenture; (vii) the right to exercise inspection rights pursuant to Section 12 of the Lease; (viii) the right to approve as satisfactory any accountants, engineers, counsel, or other Persons to render services for or issue opinions to the Lessor pursuant to express provisions of the Lease; (ix) the right of the 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 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 Interest; and (xi) the right to amend, settle or reduce the amount of any claim payable to the Lessor with respect to any Excepted Interest.

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

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

"Indenture" or "Trust Indenture" shall mean that certain Trust Indenture and Security Agreement (Conrail 1991-C), dated as of May 29, 1991, among the Lessor, the Lessee and U.S. Trust Company of California, N.A., as Indenture Trustee, and all annexes, supplements and exhibits thereto, all as amended, supplemented or otherwise modified from time to time, including supplementation by each Indenture Supplement executed and delivered pursuant thereto.

"Indenture Default" shall mean an Indenture Event of Default or an event which with notice or the lapse of time or both would become an Indenture Event of Default.

"Indenture Estate" shall have the meaning specified in the Granting Clause of the Indenture.

"Indenture Event of Default" shall have the meaning specified in Section 4.01 of the Indenture.

"Indenture Supplement" shall mean the Indenture Supplement No. 1 (Conrail 1991-C), substantially in the form of Exhibit A to the Indenture, to be entered into by and among the Lessor, the Lessee and the Indenture Trustee on the Delivery Date, covering the Items of Equipment referenced therein, any amendment to the Indenture Supplement and any subsequent Indenture Supplement executed and delivered in connection with a Replacement Item of Equipment.

"Indenture Trustee" shall mean U.S. Trust Company of California, N.A., a national banking association, together with any successors, permitted assigns and co-trustees, not in its individual capacity but solely as Indenture Trustee under the Indenture.

"Investment Banker" shall mean an independent investment banking institution of national standing appointed by Lessee.

"Item of Equipment" shall mean (i) each of the General Electric Dash 8-40CW diesel electric locomotives (or an improved model of the same Manufacturer) listed by Lessee's road numbers 6140 through 6149 inclusive in the Lease Supplement executed and delivered on the Closing 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 the 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 shall mean, as of any date of determination, all Items of Equipment then leased under the Lease.

"Kumiai-in" shall mean any Person who is a party to a Tokumei Kumiai Agreement with the Lessor and any transferee of such Person entered into the record of ownership for the Lessor for the purposes of the Operative Documents and the transactions contemplated thereby.

"Lease" or "Lease Agreement" shall mean the Lease Agreement (Conrail 1991-C) relating to Items of Equipment, dated as of May 29, 1991, between the Lessor and the Lessee as such Lease may be amended, supplemented or otherwise modified from time to time. The term "Lease" shall include each Lease Supplement entered into pursuant to the terms of the Lease.

"Lease Default" shall mean a Lease Event of Default or an event which with notice or lapse of time or both would become a Lease Event of Default.

"Lease Event of Default" and "Event of Default" shall mean an Event of Default under the Lease as specified in Section 14 thereof.

"Lease Supplement" shall mean a Lease Supplement No. 1 (Conrail 1991-C), substantially in the form of Exhibit A to the Lease, to be entered into between the Lessor and the Lessee on the Delivery Date, covering the Items of Equipment referenced therein 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.

"Lease Termination Event" shall mean any event described in Section 9 of the Lease that shall cause the early termination of the Lease.

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

"Lessor" shall mean Hollidaysburg Locomotive Lease Co., Ltd., a corporation organized under the laws of the Cayman Islands, and its successors and permitted assigns.

"Lessor's Cost" shall mean, with respect to each Item of Equipment, $1,398,977.83.

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

"Lessor's Liens" with respect to any Operative Document means any Lien on or relating to or affecting any Item of Equipment or any Part arising as a result of (i) claims against or affecting the Lessor or any Kumiai-in, other than claims arising solely from the Lessor's participation in the transactions contemplated by the Lease, the Equity Participation Agreement, the Debt Participation Agreement, or any other Operative Document; (ii) acts or omissions of the Lessor or any Kumiai-in not expressly permitted under the terms of the Lease, the Equity Participation Agreement, the Debt Participation Agreement or any other Operative Documents; (iii) taxes imposed against the Lessor or any Kumiai-in which are not indemnified against by the Lessee pursuant to the Equity Participation Agreement; or (iv) claims against the 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 the Lessor (without the consent of the 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.

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

"Majority in Interest" as of a particular date of determination shall mean with respect to any action or decision of the holders of the Equipment Notes, the holders of more than 50% in aggregate principal unpaid amount of the Equipment Notes, if any, then outstanding which are affected by such decision or action, excluding any Equipment Notes held by the Lessor or an Affiliate of the Lessor.

"Make-Whole Amount" shall mean, with respect to the principal amount of any Equipment Note to be prepaid on any prepayment date, the amount which the Investment Banker determines as of the third Business Day prior to such prepayment date to equal the product obtained by multiplying (a) the excess, if any, of (i) the sum of the present values of all the remaining scheduled payments of principal and interest from the prepayment date to maturity of such Equipment Note, discounted semi-annually on each March 25, June 25, September 25 and December 25 at a rate equal to the Treasury Rate, based on a 360-day year of twelve 30-day months, over (ii) the aggregate unpaid principal amount of such Equipment Note plus any accrued but unpaid interest thereon by (b) a fraction the numerator of which shall be the principal amount of such Equipment Note to be prepaid on such prepayment date and the denominator of which shall be the aggregate unpaid principal amount of such Equipment Note; provided that the aggregate unpaid principal amount of such Equipment Note for the purposes of clause (a)(ii) and (b) of this definition shall be determined after deducting the principal installment, if any, due on such prepayment date.

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

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

"NBB Guaranty" shall mean the Guaranty Agreement (Conrail 1991-C) dated as of May 29, 1991 between NBB and the Lessee, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Offering Circular" shall mean the Offering Circular relating to the offering of the Certificates.

"Officer's Certificate" shall mean a certificate signed (i) in the case of a corporation by the President, any Vice President, the Treasurer, and Assistant Treasurer, the Secretary or an Assistant Secretary of such corporation, (ii) in the case of a partnership by the Chairman of the Board, the President or any Vice President, the Treasurer or an Assistant Treasurer of a corporate general partner, and (iii) in the case of a commercial bank or trust company, the Chairman or Vice Chairman of the Executive Committee or the Treasurer, any Trust Officer, any Vice President, any Executive or Senior or Second or Assistant Vice President, or any other officer or assistant officer customarily performing the functions similar to those performed by the persons who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Operative Documents" shall mean each of the Equity Participation Agreement, the Debt Participation Agreement, the Lease, each Lease Supplement, the NBB Guaranty, the Indenture, each Indenture Supplement, the Pass Through Trust Agreement, the Assignment Agreement, the Custodian Agreement, the Pledge Agreement, and the Bill of Sale.

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be (a) the senior attorney employed by the Lessee, or (b) such other counsel designated by the Lessee, whether or not such counsel is an employee of the Lessee, and who shall be acceptable to the Trustee.

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

"Pass Through Trust" shall mean the Consolidated Rail Corporation 1991-1 Pass Through Trust created pursuant to the Pass Through Trust Agreement.

"Pass Through Trust Agreement" shall mean the Pass Through Trust Agreement, dated as of May 29, 1991, between the Lessee and the Pass Through Trustee, and all annexes,

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

"Pass Through Trustee" shall mean U.S Trust Company of California, N.A., a national banking association, not in its individual capacity but solely as Pass Through Trustee under the Pass Through Trust Agreement, and each other Person which may from time to time be acting as successor trustee under any such Pass Through Trust Agreement.

"Payment Instruction Letter" shall mean any letter so titled which is delivered by the Lessor to the Lessee and acknowledged by the Indenture Trustee.

"Permitted Liens" shall mean any Lien of the type described in clauses (a) through (g) of Section 6 of the Lease.

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

"Pledge Agreement" shall mean the Pledge and Assignment Agreement (Conrail 1991-C), dated as of May 29, 1991, between the Lessee and the Lessor, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Purchase Agreement" shall mean the Purchase Agreement dated March 26, 1990 between the Manufacturer and Lessee, providing, among other things, for the manufacture and sale by the Manufacturer to Lessee of a total of one hundred General Electric Dash 8-40CW diesel electric locomotives, as such Purchase Agreement has been or may hereafter be amended, modified or supplemented (including, without limitation, pursuant to the amendment thereto dated May 2, 1991).

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

"Remaining Weighted Average Life" shall mean, with respect to prepayment of an Equipment Note, the number of days equal to the quotient obtained by dividing (a) the sum of the products obtained by multiplying (i) the amount of each remaining principal payment on such Equipment Note by (ii) the number of days from and including the prepayment

date to but excluding the scheduled payment date of such principal payment by (b) the unpaid principal amount of such Equipment Note.

"Rent Payment Date" or "Payment Date" shall mean each March 25, June 25, September 25 and December 25 of each year occurring during the Lease Term, provided that if any such date shall not be a Business Day, then "Rent Payment Date" or "Payment Date" shall mean the next succeeding Business Day.

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

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

"Special Distribution Date" shall have the meaning ascribed to such term in the Pass Through Trust Agreement.

"Special Termination Payment" shall mean, 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 Investments" shall mean (a) direct obligations of the United States of America and agencies thereof for which the full faith and credit of the United States is pledged, (b) obligations fully guaranteed by the United States of America, (c) certificates of deposit issued by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the States thereof having combined capital and surplus and retained earnings of at least five hundred million dollars ($500,000,000) (including any Indenture Trustee or the Pass Through Trustee if such conditions are met), (d) commercial paper of companies, banks, trust companies or national banking associations

incorporated or doing business under the laws of the United States of America or one of the States thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's Corporation or Moody's Investors Service, Inc. (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States of America) equal to the highest rating assigned by such organization, and (e) purchase agreements with any financial institution having a combined capital and surplus of at least seven hundred and fifty million dollars ($750,000,000) fully collateralized by obligations of the type described in clauses (a) through (d) above; provided that if all of the above investments are unavailable, the entire amount to be invested may be used to purchase Federal Funds from an entity described in (c) above; and provided further that no investment shall be eligible as a "Specified Investment" unless the final maturity or date of return of such investment is 91 days or less from the date of purchase thereof.

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

"Tokumei Kumiai Agreement" shall mean each of the separate agreements entered into or to be entered into by the 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 Tokumei Kumiai Agreement attached as Exhibit E to the Equity Participation Agreement and containing the covenants described in Section 8 of the Equity Participation Agreement.

"Treasury Rate" shall mean with respect to prepayment of each Equipment Note, a per annum rate (expressed as a semiannual equivalent and as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield), determined to be the per annum rate equal to the semiannual yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note, as determined by interpolation between the most recent weekly average yields to maturity for two series of United States Treasury securities, (a) one maturing as close as possible to, but earlier than, the Average Life Date of such Equipment Note and (b) the other maturing as close as possible to, but later than, the Average Life Date of such Equipment Note, in each case as published in the most recent H.15(519) (or, if a weekly average yield to maturity for United State Treasury securities maturing on the Average Life Date of such Equipment Note is reported in the most recent H.15(519), as published in H.15(519)). H.15(519) means "Statistical Release H.15(519), Selected Interest Rates", or any successor publication, published by the Board of Governors of the Federal Reserve System. The most recent H.15(519) means the latest H.15(519) which is published prior to the close of business on the third Business Day preceding the scheduled prepayment date.

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

"Underwriter" shall mean Morgan Stanley & Co. Incorporated.

"Underwriting Agreement" shall mean that certain Underwriting Agreement dated May 22, 1991 between the Lessee and Morgan Stanley & Co. Incorporated, pertaining to the sale of the Certificates, as the same may be amended, modified or supplemented from time to time.

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

"Yen" (¥) shall mean lawful money of Japan.