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INTERSTATE COMMERCE COMMISSION

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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 Altoona 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-A), dated as of May 29, 1991, between Altoona Locomotive Lease Co., Ltd., as lessor, and Consolidated Rail Corporation, as lessee.

(2) Trust Indenture and Security Agreement (Conrail 1991-A), dated as of May 29, 1991, among Altoona 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-A), dated as of May 29, 1991, between Altoona Locomotive Lease Co., Ltd., as lessor, and Consolidated Rail Corporation, as lessee.

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The primary document to which this Lease Supplement is connected is being submitted for recording concurrently herewith.

(2) Assignment Agreement (Conrail 1991-A), dated as of May 29, 1991, between Consolidated Rail Corporation, as assignor, and Altoona 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-A), dated as of May 29, 1991 among Altoona 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:
Altoona 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:
Altoona 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:
Altoona Locomotive Lease Co., Ltd.
Caledonian House
Mary Street
P. O. Box 1043
George Town, Grand Cayman
Cayman Islands

Trust Indenture and Security Agreement

Lessor:
Altoona 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:
Altoona 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:

Twenty 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 ALTOONA 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 6100 through 6119, both inclusive.

Included in the property covered by the Trust Indenture and Security Agreement are (i) twenty (20) 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 Altoona 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 Altoona Locomotive Lease Co., Ltd. in the Lease Agreement (Conrail 1991-A), dated as of May 29, 1991, between Altoona Locomotive Lease Co., Ltd., as lessor, and Consolidated Rail Corporation, as lessee, and the Assignment Agreement (Conrail 1991-A), dated as of May 29, 1991, between Consolidated Rail Corporation, as assignor, and Altoona Locomotive Lease Co., Ltd., as assignee, (iii) a bank account of Altoona Locomotive Lease Co., Ltd. at UST California, N.A. and all amounts therein and (iv) all right, title and interest of Altoona 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-A), dated as of May 29, 1991, between Altoona 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 twenty (20) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6100 through 6119, both inclusive.

2) Lease Supplement No. 1:
Lease Supplement No. 1 (Conrail 1991-A), dated as of May 29, 1991, between Altoona 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 twenty (20) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6100 through 6119, both inclusive.

3) Assignment Agreement:
Assignment Agreement (Conrail 1991-A), dated as of May 29, 1991, between Consolidated Rail Corporation, as assignor, Six Penn Center Plaza, Philadelphia, Pennsylvania, 19103 and Altoona 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 twenty (20) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6100 through 6119, both inclusive.

4) Trust Indenture and Security Agreement:
Trust Indenture and Security Agreement (Conrail 1991-A), dated as of May 29, 1991, between Altoona

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 twenty (20) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6100 through 6119, both inclusive.

5) Indenture Supplement: Indenture Supplement (Conrail 1991-A), dated as of May 29, 1991, between Altoona 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 twenty (20) General Electric Dash 8-40CW diesel electric locomotives bearing road numbers 6100 through 6119, both inclusive.

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

Very truly yours,

Stephen A. Gannetta

SAJ/wm
Enclosures

Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE SECRETARY

5/29/91

Stephen A. Jarnetta
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). 17350 17350-A,17350-B,17350-C & 17350-D

Sincerely yours,

Sidney L. Strickland, Jr.

Sidney L. Strickland, Jr.
Secretary

[EXECUTION COPY]

LEASE AGREEMENT (CONRAIL 1991-A)

17350
RECORDATION NO. ____ FILED 1425
MAY 29 1991 -12 45 PM
INTERSTATE COMMERCE COMMISSION

Between

ALTOONA LOCOMOTIVE LEASE CO., LTD.,
as Lessor

and

CONSOLIDATED RAIL CORPORATION,
as Lessee

Twenty General Electric Dash 8-40CW
Diesel Electric Locomotives

Dated as of May 29, 1991

CERTAIN RIGHTS, TITLE AND INTEREST IN AND TO THIS LEASE AGREEMENT AND TO THE ITEMS OF EQUIPMENT COVERED HEREBY ON THE PART OF ALTOONA LOCOMOTIVE LEASE CO., LTD. HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF U.S. TRUST COMPANY OF CALIFORNIA, N.A., AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE AND SECURITY AGREEMENT (CONRAIL 1991-A) DATED AS OF MAY 29, 1991. TO THE EXTENT, IF ANY, THAT THIS LEASE AGREEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE AGREEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY U.S. TRUST COMPANY OF CALIFORNIA, N.A., AS INDENTURE TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on _____, 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 _____, 1991, at __:__ _.m.

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LEASE AGREEMENT (CONRAIL 1991-A)

This LEASE AGREEMENT (CONRAIL 1991-A), dated as of May 29, 1991, between ALTOONA LOCOMOTIVE LEASE CO., LTD., a corporation formed under the laws of the Cayman Islands, with its registered office at Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands (together with its successors and permitted assigns, "Lessor"), and CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation with its principal place of business at Six Penn Center Plaza, Philadelphia, Pennsylvania 19103 (together with its successors and permitted assigns, "Lessee").

W I T N E S S E T H:

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

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

Section 3. Term and Rent.

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

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

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

LEASE AGREEMENT (CONRAIL 1991-A)

This LEASE AGREEMENT (CONRAIL 1991-A), dated as of May 29, 1991, between ALTOONA LOCOMOTIVE LEASE CO., LTD., a corporation formed under the laws of the Cayman Islands, with its registered office at Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands (together with its successors and permitted assigns, "Lessor"), and CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation with its principal place of business at Six Penn Center Plaza, Philadelphia, Pennsylvania 19103 (together with its successors and permitted assigns, "Lessee").

W I T N E S S E T H:

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

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

Section 3. Term and Rent.

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

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

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

(d) Place and Manner of Payment. Except as otherwise required by this Lease, the Equity Participation Agreement or the Indenture, all Basic Rent and Supplemental Rent payable to Lessor shall be paid by Lessee to Lessor in the currency designated for the payment of such amounts pursuant to the appropriate schedules attached hereto or, in the case of indemnity payments as designated under the Equity Participation Agreement or under Section 20 hereof. Except as provided with respect to certain Dollar denominated payments hereunder in the last sentence of this Section 3(d), payment of all amounts due hereunder shall be made at the registered office of Lessor in the Cayman Islands, or at such other address as Lessor may specify in writing to Lessee. All payments of Basic Rent and Supplemental Rent shall be paid in immediately available funds. If a Payment Instruction Letter is delivered, all Dollar denominated payments of Basic Rent, Basic Termination Payments, Casualty Value Termination Payments, Purchase Price and Deficiency Payments payable to Lessor hereunder shall be paid as set forth in such Payment Instruction Letter.

Section 4. Lessor's Disclaimers; Certain Agreements.

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

(b) Except as expressly permitted by Section 15, neither Lessor nor anyone claiming through or under Lessor, other than the Indenture Trustee, shall take or cause to be taken any action contrary to Lessee's right to quiet enjoyment of, or otherwise interrupt or interfere with, Lessee's continuing possession, use and operation of any Item of Equipment during the Term. Lessor shall promptly, at its own expense, take such action as is necessary duly to discharge any Lessor's Lien with respect to each

Item of Equipment, title thereto or any interest therein or in this Lease if the same shall arise at any time. If Lessor fails to take such action as is necessary duly to discharge any such Lessor's Lien that does or will materially interrupt or interfere with Lessee's operation of any Item of Equipment, Lessee may give Lessor notice of Lessee's intent to discharge such Lessor's Lien in accordance with the following sentence, which notice shall specify the action Lessee intends to take in connection therewith. In the event that Lessor fails to discharge such Lessor's Lien within 10 days after receiving such notice, Lessee shall have the right, but not the obligation, to take such action as is necessary to discharge such Lessor's Lien and the costs and expenses reasonably incurred by Lessee in connection with the discharge of such Lessor's Lien, together with interest thereon at the rate of interest specified in Section 13 of the Equity Participation Agreement as being applicable to payments made in the currency in which such costs and expenses are paid, from the date of expenditure to but not including the date of payment, calculated on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed, shall be payable by Lessor to Lessee on demand. Lessor and Lessee acknowledge and agree that nothing contained in Section 12.04 of the Indenture shall be deemed or construed (i) to relieve Lessor of any of its obligations under this Section 4(b), or (ii) as a waiver by Lessee of any claim which Lessee may have under this Section 4(b).

Section 5. Return of Items of Equipment and Records.

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

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

(c) Condition of Items of Equipment. Each Item of Equipment when returned to Lessor (i) shall be free and clear of all Liens (other than Lessor's Liens, the

rights of the Indenture Trustee as provided in the Indenture, and the rights of third parties under pooling, interchange, overhaul, repair or other similar arrangements permitted by the terms of this Lease) and (ii) shall be in the condition required by Section 7. As promptly as practicable after Lessee has notified Lessor that all of the Items of Equipment have been assembled and delivered in accordance with Section 5(a), Lessee and Lessor shall jointly inspect the Items of Equipment in accordance with normal railroad industry practice to determine whether the Items of Equipment are in the condition required by Section 7. Upon completion of the joint inspection with respect to any Item of Equipment meeting the requirements of Section 7, Lessee shall promptly store (or continue to store) such Item of Equipment in accordance with Section 5(d) and shall not be required to remove such Item of Equipment from storage until Lessee receives Lessor's delivery instructions in accordance with Section 5(d).

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

Section 6. Liens. Lessee shall not, directly or indirectly, create, incur, assume, permit, or suffer to exist any Lien on or with respect to any Item of Equipment, title thereto or any interest therein or in this Lease except (a) the respective rights of Lessor and Lessee as herein provided and the rights of the Indenture Trustee as provided in the Indenture, (b) the rights of others under agreements or arrangements to the extent expressly permitted by the terms of Section 7(e), (c) Lessor's Liens, (d) Liens for Taxes either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of such Item of Equipment or interest therein and for the payment of which Taxes adequate reserves have been provided, (e) materialmen's, mechanics', workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of business for amounts the payment of which is either not yet delinquent or is being contested in good faith by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of such Item of Equipment or interest therein and for the

payment of which Liens adequate reserves have been provided, (f) Liens (other than Liens for Taxes) arising out of judgments or awards against Lessee with respect to which at the time an appeal or proceeding for review is being prosecuted in good faith by appropriate proceedings and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review, and (g) salvage or similar rights of insurers under insurance policies maintained pursuant to Section 11 hereof. Lessee will promptly, at its own expense, take such action as may be necessary by bonding or otherwise duly to discharge any such Lien not excepted above if the same shall arise at any time.

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

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

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

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

(d) Compliance with Laws, Etc. Lessee agrees to comply, at all times, in all respects (including, without limitation, with respect to the use, maintenance and operation of each Item of Equipment) with the interchange rules of the Association of American Railroads, if applicable, and with all Applicable Laws to the extent that such Applicable Laws affect the title, operation, maintenance or use of such Items of Equipment. In the event that any such rule or Applicable Law requires alteration of any Item of Equipment, Lessee shall conform thereto or obtain conformance therewith at no expense to Lessor and shall maintain the Item of Equipment in proper condition under such rules and Applicable Laws; provided, however, that Lessee may in good faith contest the validity or application of any such rule or Applicable Law in any reasonable manner which does not and will not materially adversely affect Lessor.

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

and the Indenture Trustee hereunder or under any other Operative Document for which obligations Lessee shall be and remain primarily liable as a principal and not as a surety.

(f) Identification Marks. Lessee (i) has caused on or prior to the Delivery Date (or shall cause as soon thereafter as is practicable) the Items of Equipment to be numbered with the respective identification numbers set forth in Schedule 1 hereto, and (ii) shall keep and maintain, plainly, distinctly, permanently and conspicuously (x) marked on each side of each Item of Equipment, in letters not less than one inch in height, the words "Ownership Subject to Documents Filed with the Interstate Commerce Commission," and (y) in the case of each Item of Equipment a nameplate bearing the legible inscription "TITLE TO THIS LOCOMOTIVE IS HELD BY ALTOONA 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," with appropriate changes thereof as from time to time may be required by law, or required in the opinion of Lessor, in order to protect Lessor's title to and interest in such Item of Equipment and the rights of Lessor under this Lease and the other Operative Documents. Lessee shall not place any Item of Equipment in operation or exercise any control or dominion over the same until such words shall have been so marked and shall replace promptly any such markings which may be removed, defaced, obliterated or destroyed. Lessee shall not change the identification number of any Item of Equipment unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with Lessor and the Indenture Trustee and duly filed, recorded or deposited, as the case may be, by Lessee in all public offices where this Lease shall have been filed, recorded or deposited and (ii) Lessee shall have furnished Lessor and the Indenture Trustee with an opinion of counsel in form and substance satisfactory to Lessor to the effect that such statement has been so filed, recorded or deposited, and that no other filing, recordation, deposit or giving of notice with or to any federal, District of Columbia, state, provincial or local government or agency thereof is necessary to protect the rights of Lessor and the Indenture Trustee in such Item of Equipment. Except as provided in this Section 7(f), Lessee shall not allow the name of any Person to be placed on any Item of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that an Item of Equipment may be lettered with the names or initials or other insignia customarily used by Lessee or its Affiliates.

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

(a) Replacement of Parts. Lessee, at its own cost and expense, shall promptly replace or cause to be replaced all Parts which may from time to time be incorporated or installed in or attached to any Item of Equipment and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. In

addition, Lessee may, at its own cost and expense, remove or cause to be removed in the ordinary course of maintenance, service, repair, overhaul or testing, any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use; provided, that Lessee, except as otherwise provided in Section 8(b), shall, at its own cost and expense, replace or cause to be replaced such Parts as promptly as practicable. All replacement Parts shall be free and clear of all Liens (except for Permitted Liens), shall be subject to the Lien of the Indenture, and shall be in as good operating condition as, and shall have a value and utility at least equal to, the operating condition, value and utility that the Parts replaced would have had or been in had such replaced Parts been in the condition and repair required to be maintained by the terms of this Lease. All Parts at any time removed from any Item of Equipment shall remain the property of Lessor and shall remain subject to the Lien of the Indenture, no matter where located, until such time as such Parts shall be replaced by Parts which have been incorporated or installed in or attached to such Item of Equipment and which meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to such Item of Equipment as above provided, without further act, (i) ownership of and title to the replaced Part shall thereupon vest in Lessee, free and clear of all rights of Lessor and the Indenture Trustee, and shall cease to be a Part hereunder, (ii) ownership of and title to such replacement Part shall thereupon vest in Lessor, free and clear of all Liens (except Permitted Liens), and (iii) such replacement Part shall become subject to this Lease and to the Lien of the Indenture and be deemed part of such Item of Equipment for all purposes to the same extent as the Parts originally incorporated or installed in or attached to such Item of Equipment.

(b) Alterations, Modifications and Additions. Lessee, at its own expense, shall make or cause to be made such alterations and modifications of and additions to the Items of Equipment as may be required from time to time to meet the interchange rules of the Association of American Railroads, if applicable, and all Applicable Laws; provided, however, that Lessee may at its own expense, in good faith, contest the validity or application of any rule or Applicable Law in any reasonable manner that does not and will not adversely affect any Item of Equipment or the rights of Lessor or the Indenture Trustee therein or under this Lease or any other Operative Document. In addition, Lessee, at its own expense, may from time to time make or cause to be made such alterations and modifications of and additions to any Item of Equipment as Lessee may deem desirable in the proper conduct of its business, including, without limitation, removal of Parts which Lessee deems obsolete or no longer suitable or appropriate for use in an Item of Equipment (for purposes of this Section 8(b) called "Obsolete Parts"); provided, that no such alteration, modification, addition or removal shall materially diminish the value, utility, performance, or durability of such Item of Equipment or impair the condition thereof below the value, utility, performance, durability and condition that such Item of Equipment would have had or been in immediately prior to such alteration, modification, addition or removal had such Item of Equipment then been of the value, utility, performance and durability and in the condition required to be

maintained by the terms of this Lease, except that the value (but not the utility, performance, durability or condition) of the Item of Equipment may be reduced by the value of the Obsolete Parts which shall have been removed. Ownership of and title to all Parts incorporated or installed in or attached or added to an Item of Equipment as the result of such alteration, modification or addition shall, without further act, vest in Lessor and such Parts shall automatically be subject to the Lien of the Indenture. Lessor shall not be required under any circumstance to pay directly for any alteration, modification or addition to the Items of Equipment or to reimburse Lessee for the cost thereof. Notwithstanding the foregoing, so long as no Event of Default shall have occurred and be continuing, Lessee may, at any time during the Term, remove any Part; provided, that (i) such Part is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to such Item of Equipment at the time of delivery thereof hereunder or any Part in replacement of, or substitution for, any such Part, (ii) such Part is not required to be incorporated or installed in or attached or added to such Item of Equipment pursuant to the first sentence of this Section 8(b) and (iii) such Part can be removed from such Item of Equipment without materially diminishing the value, utility, performance or durability of such Item of Equipment or materially impairing the condition thereof below the value, utility, performance, durability and condition that such Item of Equipment would have had or been in had such Item of Equipment been in the condition and repair required by the terms of this Lease at the time of such removal had the addition of such Part not occurred. Upon the removal by Lessee of any Part as provided in the immediately preceding sentence or the removal of any Obsolete Part permitted by this Section 8(b), ownership thereof and title thereto shall, without further act, vest in Lessee, and such Part shall no longer be deemed part of the Item of Equipment from which it was removed and shall no longer be subject to the Lien of the Indenture. Any Part not removed by Lessee as provided in such sentence prior to the return of such Item of Equipment to Lessor hereunder shall remain the property of Lessor and subject to the Lien of the Indenture.

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

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

(b) Lessee's Right of Termination for Cause. Lessee shall have the right at its option to terminate this Lease, upon not less than two nor more than 10 days' notice to Lessor specifying a proposed Termination Date, at any time after (i) United States Taxes which are indemnified against by Lessee pursuant to Section 11(b) or (in the case of Taxes imposed pursuant to Section 887 of the Code or Taxes imposed by the

Cayman Islands) Section 11(a) of the Equity Participation Agreement, are or, in the opinion of nationally recognized tax counsel to Lessee, a copy of which shall be provided to Lessor, would be imposed or assessed on or with respect to, or required to be deducted or withheld from, any payment of Rent to be made by Lessee or any other Person pursuant to this Lease or any other Operative Document, or (ii) Indemnified Taxes (as defined in Section 10 of the Debt Participation Agreement) which are indemnified against by Lessee pursuant to Section 10(a)(ii) of the Debt Participation Agreement, are imposed, withheld, levied or assessed by any government or taxing authority of or in Japan, the Cayman Islands or the United States.

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

(d) Other Terminations.

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

(ii) This Lease shall terminate automatically (unless a Discharge and Conversion is effected in accordance with Section 9(e) hereof) if at any time the Indenture Trustee accelerates payment of the Equipment Notes pursuant to the provisions of Section 4.01 of the Indenture. For the purposes of this Section 9(d)(ii), the Termination Date shall be the date on which the Equipment Notes become payable following the exercise by the Indenture Trustee of its right to accelerate payment thereof.

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

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

(e) Discharge and Conversion; Purchase of Items of Equipment.

(i) Upon any termination pursuant to Section 9(a), Lessee may acquire all (but not less than all) of the Items of Equipment by, as the purchase price for the Items of Equipment, paying to Lessor on the Termination Date the Basic Termination Payments for such Items of Equipment applicable to such event of termination, computed as provided in Schedule B with reference to the Termination Date, and in addition, paying to Lessor on the Termination Date the Special Termination Payments for such Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column A of Schedule D and in an amount calculated in accordance with Schedule D.

(ii) In the event of an occurrence which would result in a termination pursuant to Section 9(b), 9(c) (where the illegality arises under the laws of a jurisdiction other than Japan), or 9 (d)(ii), if certain conditions described in Section 2.11 of the Indenture are satisfied (including that the Lessor shall have received payment from or on behalf of the Indenture Trustee of the amounts described in clause (B) below), a Discharge and Conversion shall be effected in accordance with the provisions of Section 2.11, pursuant to which, among other things, the Lessor will transfer to the Indenture Trustee all of its right, title and interest in and to the Items of Equipment and the Lease (other than any claims or rights reserved under the Assignment of Lessor's Interest in Lease and Supplemental Indenture), and the Lessor shall be released and discharged from all obligations which the Lessor may then have under the Equipment Notes. If the conditions to Discharge and Conversion are not

satisfied on or before the Termination Date, Lessee may, at its option, acquire all (but not less than all) of the Items of Equipment by, as the purchase price for the Items of Equipment, (A) paying to Lessor on the Termination Date the Basic Termination Payments for such Items of Equipment applicable to such event of termination, computed as provided in Schedule B with reference to the Termination Date, and (B) in addition, paying to Lessor on the Termination Date the Special Termination Payments for such Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column A of Schedule D and in an amount calculated in accordance with Schedule D.

(iii) In the event of an occurrence which would result in a termination pursuant to Section 9(d)(iii), if certain conditions described in Section 2.11 of the Indenture are satisfied (including that the Lessor shall have received payment from or on behalf of the Indenture Trustee of the amounts described in clause (B) below), a Discharge and Conversion shall be effected in accordance with the provisions of Section 2.11, pursuant to which, among other things, the Lessor will transfer to the Indenture Trustee all of its right, title and interest in and to the Items of Equipment and the Lease (other than any claims or rights reserved under the Assignment of Lessor's Interest in Lease and Supplemental Indenture), and the Lessor shall be released and discharged from all obligations which the Lessor may then have under the Equipment Notes. If the conditions to Discharge and Conversion are not satisfied on or before the Termination Date, Lessee may, at its option, acquire all (but not less than all) of the Items of Equipment by, as the purchase price for the Items of Equipment, (A) paying to Lessor on the Termination Date the Basic Termination Payments for such Items of Equipment applicable to such event of termination, computed as provided in Schedule B with reference to such Termination Date, and (B) in addition, paying to Lessor on the Termination Date the Special Termination Payments for the Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column B of Schedule D and in an amount calculated in accordance with Schedule D.

(iv) In the event of an occurrence which would result in a termination pursuant to Section 9(c) (where the illegality arises under the laws of Japan), 9(d)(i) or 9(d)(iv), if certain conditions described in Section 2.11 of the Indenture are satisfied (including that the Lessor shall have received payment from or on behalf of the Indenture Trustee of the amounts described in clause (B) below), a Discharge and Conversion shall be effected in accordance with the provisions of Section 2.11, pursuant to

satisfied on or before the Termination Date, Lessee may, at its option, acquire all (but not less than all) of the Items of Equipment by, as the purchase price for the Items of Equipment, (A) paying to Lessor on the Termination Date the Basic Termination Payments for such Items of Equipment applicable to such event of termination, computed as provided in Schedule B with reference to the Termination Date, and (B) in addition, paying to Lessor on the Termination Date the Special Termination Payments for such Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column A of Schedule D and in an amount calculated in accordance with Schedule D.

(iii) In the event of an occurrence which would result in a termination pursuant to Section 9(d)(iii), if certain conditions described in Section 2.11 of the Indenture are satisfied (including that the Lessor shall have received payment from or on behalf of the Indenture Trustee of the amounts described in clause (B) below), a Discharge and Conversion shall be effected in accordance with the provisions of Section 2.11, pursuant to which, among other things, the Lessor will transfer to the Indenture Trustee all of its right, title and interest in and to the Items of Equipment and the Lease (other than any claims or rights reserved under the Assignment of Lessor's Interest in Lease and Supplemental Indenture), and the Lessor shall be released and discharged from all obligations which the Lessor may then have under the Equipment Notes. If the conditions to Discharge and Conversion are not satisfied on or before the Termination Date, Lessee may, at its option, acquire all (but not less than all) of the Items of Equipment by, as the purchase price for the Items of Equipment, (A) paying to Lessor on the Termination Date the Basic Termination Payments for such Items of Equipment applicable to such event of termination, computed as provided in Schedule B with reference to such Termination Date, and (B) in addition, paying to Lessor on the Termination Date the Special Termination Payments for the Items of Equipment applicable to such event of termination, computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column B of Schedule D and in an amount calculated in accordance with Schedule D.

(iv) In the event of an occurrence which would result in a termination pursuant to Section 9(c) (where the illegality arises under the laws of Japan), 9(d)(i) or 9(d)(iv), if certain conditions described in Section 2.11 of the Indenture are satisfied (including that the Lessor shall have received payment from or on behalf of the Indenture Trustee of the amounts described in clause (B) below), a Discharge and Conversion shall be effected in accordance with the provisions of Section 2.11, pursuant to

application of proceeds and the payment of any deficiency or surplus, as the case may be, shall be applied mutatis mutandis; provided, that for this purpose the terms "Purchase Price" and "Deficiency Payment" shall mean and refer to the amounts set forth in subparagraph (i), (ii), (iii) or (iv) of this Section 9(e) (whichever shall be applicable), references to the term "Lease Expiry Date" shall mean and refer to the applicable Termination Date and references to Schedule E shall be modified accordingly.

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

Section 10. Loss, Destruction, Requisition, etc.

(a) Event of Loss.

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

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

(x) As promptly as practicable after Lessee shall have notified Lessor of the proposed Replacement Item of Equipment (and in any event within 30 days after such notice), Lessor shall (A)

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

to subclauses (B) and (C) above and stating whether such amounts are payable by Lessor to Lessee or by Lessee to Lessor.

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

(z) Not later than the 30th day after receipt of Lessor's certificate pursuant to clause (x) above, Lessee shall unless it has notified Lessor pursuant to Section 10(a)(ii) of Lessee's determination not to replace any individual Item of Equipment, convey or cause to be conveyed to Lessor, and Lessor shall lease to Lessee hereunder, the proposed Replacement Item of Equipment, free and clear of all Liens other than Permitted Liens and subject to the Lien of the Indenture and having a value, utility, performance and durability at least equal to, and in as good operating condition as, the value, utility, performance, durability and operating condition that the Item of Equipment so replaced would have had or have been in had such Item of Equipment been in the condition and repair required by the terms of this Lease and shall, in connection with such replacement:

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

(B) cause a Lease Supplement substantially in the form of Exhibit A hereto, evidencing the lease of the Replacement Item of Equipment and incorporating by reference all the terms and provisions of this Lease, duly

executed by Lessee, to be delivered to Lessor for execution, and request that Lessor deliver to the Indenture Trustee, for execution pursuant to Section 5.07 of the Indenture, a supplement to the Indenture that has been duly executed by Lessor and Lessee (and Lessor and Lessee shall promptly execute such Lease Supplement and Indenture supplement) and, upon execution by Lessor, Lessee, and the Indenture Trustee, respectively, cause such Lease Supplement and such Indenture supplement to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and in the office of the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada;

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

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

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

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

(G) furnish Lessor and the Indenture Trustee with a certificate of an engineer (who may be an employee of Lessee) certifying that the Replacement Item of Equipment has a value, utility, performance and durability at least equal

to, and is in as good operating condition as, the value, utility, performance, durability and operating condition that the Item of Equipment so replaced would have had or have been in had such Item of Equipment been in the condition and repair required by the terms of this Lease immediately prior to the occurrence of such Event of Loss;

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

(I) take such other actions and furnish such other certificates and documents as Lessor and the Indenture Trustee may reasonably require in order to assure that the Replacement Item of Equipment is duly and properly conveyed to Lessor, subjected to the Lien of the Indenture, and leased to Lessee to the same extent as the Item of Equipment replaced thereby.

Upon the delivery of the bill or bills of sale covering the Replacement Item of Equipment to Lessor, (1) the lease hereunder of the replaced Item of Equipment shall cease, (2) Lessor shall, without recourse or warranty (except as to Lessor's Liens and the Lien of the Indenture) and without further act, be deemed to have transferred to Lessee all of Lessor's right, title and interest in and to the replaced Item of Equipment, and shall, at Lessee's expense, execute and deliver such bills of sale and other documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to such replaced Item of Equipment in Lessee, all in as-is where-is condition, free and clear of all right, title and interest of Lessor, or any Affiliate thereof and Lessor's Liens (it being understood that the Indenture Trustee has agreed pursuant to Section 13.01 of the Indenture to release the Lien of the Indenture when the Secured Obligations have been paid), and (3) any insurance proceeds less any amounts payable to Lessor pursuant to clause (y) of this Section 10(a)(i), pursuant to a certificate timely given pursuant to clause (x) of this Section 10(a)(i), above, remaining unpaid shall be paid over to or retained by Lessee, and (4) Lessor shall assign to Lessee all claims against third Persons for damage relating to such replaced Item of Equipment arising from the Event of Loss. During the period between the occurrence of the Event of Loss and the date of the replacement of the Item of Equipment pursuant to clause (z) of this Section 10(a)(i), the obligation of Lessee to

pay Rent pursuant to Section 3 shall continue unchanged, except that upon such replacement, it shall become an obligation of Lessee to pay such Rent in respect of the Replacement Item of Equipment. For all purposes hereof, upon delivery of such Lease Supplement and bill or bills of sale covering the Replacement Item of Equipment to Lessor, such Replacement Item of Equipment, if any, shall be leased hereunder, and the Replacement Item of Equipment shall be an Item of Equipment as defined herein.

(ii) Lessee's Purchase Option; Termination of Lease. Notwithstanding the provisions of Section 10(a)(i), if Lessee shall at any time prior to full compliance with Section 10(a)(i) notify Lessor that Lessee will not replace an Item of Equipment as provided herein, or if such replacement shall not have been effected by the 120th day following the Event of Loss, Lessee shall, as compensation for such Event of Loss, (x) pay to Lessor, on the Special Distribution Date occurring at least 120 days following Lessee's notice of such Event of Loss and occurring at least 25 days after Lessee's notice of its election not to perform pursuant to Section 10(a)(i), which date shall be the Termination Date for purposes of this Section 10, the Casualty Value Termination Payment for such Item of Equipment computed as provided in Schedule C with reference to such Termination Date, (y) pay to Lessor, on or before such Termination Date, the Special Termination Payment computed with reference to such Termination Date and the Monthly Dates and U.S. Dollar amounts set forth in Column A of Schedule D and in an amount calculated in accordance with Schedule D and (z) pay to Lessor upon demand an amount in Yen to compensate it for the loss of depreciation benefit with respect to such Item of Equipment that would otherwise have been available to Lessor in the period from the date of the Event of Loss to the date such Special Termination Payment is made, taking into account any depreciation benefit that is actually available, in an amount sufficient to preserve Lessor's after-tax yield, such amount to be calculated from the date such depreciation would have resulted in tax benefit to Lessor to the date such Special Termination Payment is made, such depreciation benefit to be calculated on the same assumptions (including assumptions with respect to Japanese Taxes) used by Lessor in evaluating its investment in such Item of Equipment on the Delivery Date. The obligation of Lessee to pay Basic Rent hereunder with respect to such Item of Equipment on any Lease Period Date occurring on or subsequent to such Termination Date shall terminate.

Upon payment of such Casualty Value Termination Payment and such Special Termination Payment for such Item of Equipment, (1) the Term with respect to such Item of Equipment shall end, (2) Lessor shall without recourse or warranty (except as to Lessor's Liens and the Lien of the Indenture) and without further

act, be deemed to have transferred to Lessee all of Lessor's right, title and interest in and to such Item of Equipment with respect to which such Event of Loss occurred, in as-is where-is condition, and shall, at Lessee's expense, execute and deliver such bills of sale and other documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to such Item of Equipment in Lessee, free and clear of all right, title and interest of Lessor, or any Affiliate thereof and Lessor's Liens (it being understood that the Indenture Trustee has agreed pursuant to Section 13.01 of the Indenture to release the Lien of the Indenture when the Secured Obligations have been paid), (3) any insurance proceeds shall be paid over to or retained by Lessee and (4) Lessor shall assign to Lessee all claims against third Persons for damage relating to such Item of Equipment arising from the Event of Loss.

(b) Application of Payments from Governmental Authorities for Requisition of Title or Use. Any payments (other than insurance proceeds) received at any time by Lessor or by Lessee from any governmental authority or other Person with respect to an Event of Loss resulting from the condemnation, confiscation, or seizure of, or requisition of title to or use of, an Item of Equipment by the Government will be applied as follows:

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

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

(c) Requisition for Use by the Government of an Item of Equipment. In the event of the requisition for use during the Term by the Government of an Item of Equipment Lessee shall promptly notify Lessor and the Indenture Trustee of such requisition and until such requisition becomes an Event of Loss all of Lessee's obligations under this Lease with respect to such Item of Equipment shall (to the extent feasible with respect to obligations other than payment obligations) continue to the same extent as if such requisition had not occurred; provided, that if such Item of Equipment is not returned by the Government prior to the end of the Term, Lessee shall be obligated to return such Item of Equipment to Lessor pursuant to, and in all other

respects to comply with the provisions of, Section 5 promptly upon its return by the Government unless Lessee shall have purchased such Item of Equipment at the end of the Term. Subject to Section 10(d) all payments received by Lessor or Lessee from such governmental authority for the use of such Item of Equipment prior to the time such requisition becomes an Event of Loss shall be paid over to, or retained by, Lessee, and all payments received by Lessor or Lessee from such governmental authority for the use of such Item of Equipment after such time shall be paid over to, or retained by, Lessor unless Lessee shall have fully performed the terms of Section 10(a) with respect to such Event of Loss, in which event all such payments shall be paid over to, or retained by, Lessee.

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

Section 11. Insurance. Lessee will at all times prior to the return of all Items of Equipment to Lessor, as part of an insurance program including appropriate risk retention and self-insurance, and at its own expense, cause to be carried and maintained casualty insurance and public liability insurance in respect of the Items of Equipment in such amounts, against such risks and on such terms and conditions as is customarily obtained by Lessee in respect of similar equipment owned or leased by it. All policies with respect to such insurance shall (a) name Lessor and the Indenture Trustee as additional insureds and loss payees, (b) include waivers by the insurer of all claims for premiums against Lessor and the Indenture Trustee, (c) to the extent such insurance is available and is customarily obtained by Lessee in respect of similar equipment owned or leased by it, provide that in respect of the interests of Lessor and the Indenture Trustee in such policies the insurance shall not be invalidated by any action or inaction of Lessee and shall insure Lessor's and the Indenture Trustee's interests regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee and (d) provide that, if such insurance is canceled for any reason whatsoever, or any substantial change is made in the coverage which affects the interest of Lessor or the Indenture Trustee, or if such insurance is allowed to lapse for non-payment of premium, such cancellation, change or lapse shall not be effective as to Lessor or the Indenture Trustee for 30 days after receipt by Lessor or the Indenture Trustee, as the case may be, of written notice from such insurers of such cancellation, change or lapse (and Lessee shall provide 30 days' prior written notice to Lessor and the Indenture Trustee in any such event). Each such insurance policy shall provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a

liability of Lessee) shall operate in the same manner as if there were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by Lessor and the Indenture Trustee. Lessee shall, at its own expense, make all proofs of loss and take all other steps necessary to collect the proceeds of such insurance. On or before the Delivery Date, and annually not later than June 15th of each year with respect to public liability insurance and November 15th of each year with respect to casualty insurance, commencing on November 15, 1991 and June 15, 1992, Lessee shall furnish to Lessor and the Indenture Trustee a certificate of an independent insurance broker acceptable to Lessor and the Indenture Trustee evidencing the maintenance of the insurance required. Lessee shall furnish to Lessor and the Indenture Trustee certificates evidencing renewal of such policy or policies not later than 15 days after the expiration date of such policy or policies. Lessee shall furnish to Lessor and the Indenture Trustee a prompt telephonic notice of (and shall promptly confirm in writing) any material adverse change in Lessee's insurance program. In the event that Lessee shall fail to maintain insurance as herein provided, and has failed to obtain separate policies reasonably satisfactory to Lessor and the Indenture Trustee, either Lessor or the Indenture Trustee may at its option on five Business Days' prior written notice to Lessee and either Lessor or the Indenture Trustee, as the case may be, provide such insurance (giving Lessee prompt written notice thereof) and, in such event, Lessee shall, upon demand from time to time, reimburse Lessor or the Indenture Trustee as the case may be, as Supplemental Rent, for the cost thereof together with interest on the amount of such cost from the date of payment of such cost to the date of such reimbursement at the Overdue Rate. Lessee shall, at its own expense, make all proofs of loss and take all other steps necessary to collect the proceeds of such insurance. If Lessor or the Indenture Trustee shall receive any insurance proceeds or condemnation payments in respect of any Item of Equipment suffering an Event of Loss, Lessor or the Indenture Trustee shall, subject to Lessee's having complied with the provisions of Section 10(a)(i) or (ii) hereof, as the case may be, in respect of such Item of Equipment and, provided that no Event of Default or Potential Event of Default shall have occurred and be continuing, pay such insurance proceeds or condemnation payments to Lessee. All insurance proceeds received by Lessor or the Indenture Trustee in respect of any Item of Equipment not suffering an Event of Loss shall be paid to Lessee upon proof satisfactory to Lessor and the Indenture Trustee that any damage to such Item of Equipment in respect of which such proceeds were paid has been fully repaired, provided that no Event of Default or Potential Event of Default shall have occurred and be continuing. Any amounts paid or payable to Lessor or the Indenture Trustee under the insurance required to be maintained pursuant to this Section 11 shall not be reduced on account of any amount which may be paid or payable to Lessor or the Indenture Trustee by reasons of claims made under any other policies of insurance under which Lessor or the Indenture Trustee is a beneficiary claimant. Notwithstanding the foregoing, neither the Lessor or the Indenture Trustee shall in any event be obligated to participate in the funding of any self-insurance program of Lessee. Lessor and the Indenture Trustee each shall have the right to carry insurance on the Items of Equipment for their own benefit; provided, that such insurance is carried at the expense of a Person other than Lessee.

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

Section 12. Inspection. At all reasonable times during the Term applicable to an Item of Equipment, including any applicable storage period provided in Section 5, upon not less than five days' notice to Lessee, Lessor or any of its authorized representatives may at the expense and risk of Lessor inspect such Item of Equipment and the books and records of Lessee relating thereto at the location on Lessee's premises where such Item of Equipment or such books and records are then located or at any other location at which Lessee or its authorized representatives have access to such Item of Equipment or any books and records relating thereto. Upon the prior written request of Lessor, Lessee shall advise Lessor promptly in writing of the location of any Item of Equipment or books and records relating thereto. No inspection pursuant to this Section 12 shall materially interfere with the safe use, operation or maintenance of any such Item of Equipment or the normal conduct of Lessee's business, and Lessee shall not incur any liability or obligation to Lessor by reason of the negligence of Lessor, or any of its authorized representatives during any such inspection. The Lessor shall have no duty to make any such inspection and shall incur no liability or obligation by reason of not making any such inspection.

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

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

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

(i) the corporation formed by such reorganization, consolidation or into which Lessee is merged or which merges into Lessee or the Person

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

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

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

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

Upon any reorganization, consolidation or merger, or any conveyance, transfer or lease of all or substantially all of the assets of Lessee in accordance with this Section 13(b), the Successor shall succeed to, be substituted for, and may exercise every

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

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

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

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

Lessee acknowledges that the rights of Lessor to receive certain payments hereunder have been pledged to the Indenture Trustee for the ratable benefit of the holders of the Equipment Notes and that Lessor has granted to the Indenture Trustee for the ratable benefit of the holders of the Equipment Notes a lien on and security interest in the Items of Equipment and an assignment of certain of Lessor's rights under the Lease pursuant to the Indenture (and such acknowledgment constitutes final acceptance of such pledge, lien, security interest and assignment). Lessee acknowledges that it has made an entry of such pledge, lien, security interest and assignment in the Lessee's Record of Ownership.

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

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

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

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

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

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

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

(g) Lessee shall consent to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property or Lessee shall admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors; or

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

(i) any other proceeding shall be commenced by or against Lessee for any relief which includes, or might result in, any modification of the obligations of Lessee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions, or extensions (other than a law which does not permit any readjustments of such obligations), and, unless such proceeding shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations

of Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for Lessee or for the property of Lessee in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceeding shall have been commenced.

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

(i) At the request of Lessor, Lessee shall promptly deliver to Lessor or its order all or such part of such Items of Equipment as Lessor may request in the manner and condition required by, and otherwise in accordance with all the provisions of, Section 5 as if such Items of Equipment were being returned at the end of the Term, or Lessor, at its option, may repossess all or any of such Items of Equipment; provided, that Lessor shall notify Lessee of Lessor's intent to repossess such Item or Items of Equipment, and further provided, that Lessee shall cooperate fully with Lessor in Lessor's exercise of its rights to repossess such Item or Items of Equipment;

(ii) If Lessee does not exercise the option set forth in Section 15(b), Lessor shall sell all or any Items of Equipment at public or private sale (upon not less than 15 days' notice to Lessee), in one or more transactions, as Lessor may determine, free and clear of any rights of Lessee. Lessee shall deliver any Items of Equipment so sold to the purchasers of such Items of Equipment designated in Lessor's notice referred to in the preceding sentence, or, in the event of a public sale, to the purchasers of such Items of Equipment designated in a notice delivered to Lessee subsequent to such sale, in the manner and condition required by, and otherwise in accordance with all the provisions of, Section 5 as if such Items of Equipment were being returned at the end of the Term. The proceeds of such sale shall be applied to pay Lessor an amount equal to the sum of (i) the Selling Costs, (ii) any Basic Rent which shall have become due and which remains unpaid, (iii) to the extent not previously paid, the Basic Termination Payments and, to the extent not previously paid, the Special Termination Payments, for the Items of Equipment, in each case calculated through the date of payment, and (iv) all other amounts of Supplemental Rent then due and owing to Lessor from Lessee, and the remainder shall be paid to Lessee. If after such application Lessor

shall not have received the full amount of any Basic Rent then due and unpaid and the Basic Termination Payments required by the immediately preceding sentence and Lessor shall not have received the full amount of the Special Termination Payments required by the immediately preceding sentence and the amounts referred to in clauses (i) and (iv) of the immediately preceding sentence, Lessee shall pay upon demand any deficiency to Lessor. Upon the transfer by Lessor of its right, title and interest in and to all Items of Equipment to a third party this Lease shall terminate except for the obligation of Lessee to pay the deficiency, if any, referred to in the immediately preceding sentence, and accordingly the obligation of Lessee to pay Basic Rent shall cease for the Lease Period ending on the Lease Period Date occurring on or subsequent to the date of transfer and for all subsequent Lease Periods, and the Term shall end effective as of the date of such sale; and

(iii) Except as set forth in Section 15(b), from and after the 11th day following the declaration of a default by Lessor, the remedies referred to in this Section 15 shall not be exclusive but shall be cumulative and in addition to any other remedy available to Lessor at law or in equity; provided, that if in connection with the exercise by Lessor of any remedy Lessor shall sell, lease or otherwise dispose of, in any manner whatsoever, all or any portion of the Items of Equipment, Lessee shall in all events receive any proceeds remaining from such sale, lease or disposition after deduction by Lessor of the Selling Costs and receipt by Lessor of any Basic Rent then due and unpaid, the Basic Termination Payments (to the extent not previously paid), the Special Termination Payments (to the extent not previously paid) and all other amounts of Supplemental Rent then due. From and after the 11th day following the declaration of a default by Lessor, Lessee shall render such assistance to Lessor in the sale or other disposition of the Items of Equipment as Lessor shall reasonably request.

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

(c) Upon receipt of the payments described in subsection (b) Lessor shall, without recourse or warranty (except as to Lessor's Liens and the Lien of the Indenture) and without further act, be deemed to have transferred to Lessee all of Lessor's right, title and interest in and to all of the Items of Equipment in as-is, where-is condition and shall at Lessee's expense deliver to Lessee such bills of sale and other documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to all of the Items of Equipment in Lessee, free and clear of all right, title and interest of Lessor and the Term shall end (it being understood that the Indenture Trustee has agreed pursuant to Section 13.01 of the Indenture to release the Lien of the Indenture when the Secured Obligations have been paid).

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

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

Section 17. Notices. All notices, declarations, instructions, demands, requests, consents, approvals and other communications required under the terms and provisions hereof shall be in English and in writing, and may be given by airmail, telegram, cable, telex, telecopy or telefax or any other customary means of communication, and any such notice, demand, request, consent, approval or other communication shall be effective when delivered (i) if to Lessee, at Six Penn Center Plaza, Philadelphia, Pennsylvania 19103, Attention: Assistant Treasurer-Financing, Telex: 834-510, Telecopy/Telefax: 010-1-215-977-5346, or at such other address as Lessee shall from time to time designate in writing to Lessor and the Indenture Trustee, (ii) if to Lessor, c/o Babcock & Brown, Incorporated, 639 Front Street, Suite 400, San Francisco, California 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, or at such other address as Lessor shall from time to time designate in writing to Lessee and the Indenture Trustee, and (iii) if to the Indenture Trustee, at 555 South Flower Street, Suite 2700, Los Angeles, California 90071-2429, Attention: John Grochowiak, Telecopy/Telefax: (213) 489-3371 or (213) 489-4095, or at such other address as the Indenture Trustee shall from time to time designate in writing to the Lessee and the Lessor.

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

Section 19. Purchase of Items of Equipment at End of Term. Upon not less than 30 and not more than 180 days' prior written notice to Lessor, Lessee may, at its option, elect to purchase all (but not less than all) of the Items of Equipment on the Lease Expiry Date (or, if such date is not a Business Day, on the next succeeding Business Day). If such option has been exercised, on the date for purchase established pursuant to the immediately preceding sentence, (a) Lessee shall purchase all of the Items of Equipment from Lessor by paying to Lessor a purchase price in the amount set forth in Schedule E (the "Purchase Price") and (b) upon payment of the Purchase Price and any other amounts of Supplemental Rent then due, Lessor shall, without recourse or warranty (except as to Lessor's Liens and the Lien of the Indenture) and without further act, be deemed to have transferred to Lessee all of Lessor's right, title and interest in and to all of the Items of Equipment in as-is, where-is condition and shall at Lessee's expense execute and deliver such bills of sale and other documents and instruments as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to all of the Items of Equipment in Lessee, free and clear of all right, title and interest of Lessor, or any Affiliate thereof and Lessor's Liens (it being understood that the Indenture Trustee has agreed pursuant to Section 13.01 of the Indenture to release the Lien of the Indenture when the Secured Obligations have been paid). In the event that Lessee does not exercise such purchase option and purchase all of the Items of Equipment as provided in this Section 19, Lessor shall, not later than 180 days after the Lease Expiry Date, sell all of the Items of Equipment at public or private sale (upon 20 days' prior written notice of any sale to Lessee and at which sale Lessee shall be invited to participate), in one or more transactions, as Lessor may determine, free and clear of any rights of Lessee, and nevertheless Lessee shall pay on the Lease Expiry Date the amount set forth in clause

(a) of Schedule E as provided in the Payment Instruction Letter, if such Letter is delivered, and otherwise into the Dollar Account, and the amount set forth in clause (b) of Schedule E into the Yen Account (collectively, the "Deficiency Payment"). Upon the sale of the Items of Equipment by Lessor, Lessee shall pay to Lessor an amount equal to the Selling Costs and all other amounts of Supplemental Rent then due to Lessor from Lessee and unpaid and Lessor shall pay to Lessee the proceeds of such sale but only to the extent such proceeds exceed the Deficiency Payment. Notwithstanding the foregoing, Lessee may, at any time prior to the sale of the first Item of Equipment to be sold pursuant to the third sentence of this Section 19, exercise its option to purchase all of the Items of Equipment for the Purchase Price in the same manner, pursuant to the same procedures (other than the notice period) and with the same effect as if Lessee had exercised such option, pursuant to the first sentence of this Section 19, to purchase all of the Items of Equipment for the Purchase Price on the Lease Expiry Date, in which event Lessee shall pay on the Lease Expiry Date the amount set forth in Schedule E as provided in the third preceding sentence, and Lessee shall pay to Lessor an amount equal to the Selling Costs incurred in connection with Lessor's efforts to sell the Items of Equipment and all other amounts of Supplemental Rent then due to Lessor from Lessee and unpaid. If all of the Items of Equipment have not been sold and Lessee has not exercised its option to purchase all of the Items of Equipment pursuant to this Section 19 on or before the 180th day following the Lease Expiry Date, the provisions of this Section 19 shall continue to apply until such sale or option exercise, but Lessee shall pay Lessor on demand an amount equal to the Selling Costs incurred from time to time and all other amounts of Supplemental Rent due to Lessor from Lessee and unpaid from time to time. Upon the exercise by Lessee of its option to purchase all of the Items of Equipment pursuant to this Section 19, Lessee shall pay to Lessor all amounts of Supplemental Rent then due to Lessor from Lessee and unpaid. The respective rights and obligations of Lessor and Lessee provided for under this Section 19 shall survive the termination of this Lease.

Section 20. General Indemnification and Waiver of Certain Claims

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

(b) Indemnified Person Defined. "Indemnified Person" means Lessor and each Kumiai-in, and each of their respective Affiliates, shareholders, directors, officers, employees, servants, agents, successors and permitted assigns; provided, that such Persons shall, to the extent they are not signatories to this Agreement, have expressly agreed in writing to be bound by the terms of this Section 20; and provided, further, that where any Kumiai-in is an Indemnified Person hereunder, all rights of such

Kumiai-in as an Indemnified Person (including, without limitation, the right to receive any indemnity payment hereunder) may be exercised by Lessor to the extent legally permissible.

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

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

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

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

(iv) obligations incurred by an Indemnified Person pursuant to Section 7.01 of the Indenture; and

(v) the Basic Termination Payment or Casualty Value Termination Payment paid with respect to any termination of the Lease being less than the

principal and accrued interest payable on the Equipment Notes on such Termination Date.

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

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

(ii) any Claim which is a Tax or a loss of Tax benefits, whether or not Lessee is required to indemnify therefor under Section 11 of the Equity Participation Agreement;

(iii) with respect to any particular Indemnified Person, any Claim attributable to the gross negligence or willful misconduct of such Indemnified Person (other than gross negligence or willful misconduct imputed as a matter of law to such Indemnified Person solely by reason of its interest in the Items of Equipment);

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

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

(vi) with respect to any particular Indemnified Person, any Claim described solely in clause (iv) of Section 20(c) which is attributable to an Indenture Event of Default pursuant to Section 4.01 of the Indenture which is not related in any way to a default by Lessee hereunder or under any other Operative Document.

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

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

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

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

be based on tax rates in effect on the date the indemnification payment is included in the income of the Indemnified Person.

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

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

Section 21. Miscellaneous.

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

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

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

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

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

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

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

(h) Preservation of Section 1168 Benefits. Lessee shall take no action which would adversely affect the availability to Lessor or the Indenture Trustee of benefits under 11 U.S.C. § 1168 or any successor provision with respect to the Items of Equipment.

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

(a) Lessor's Obligation to Deliver Bills of Sale. Lessor's obligation to execute and deliver bills of sale and other documents and instruments reasonably

requested by Lessee in order to evidence (on the public record or otherwise) the transfer to and vesting of all right, title and interest in and to the Items of Equipment in Lessee, upon the fulfillment of the conditions (except for conditions within Lessor's control) to any such transfer and vesting set forth in Sections 8, 9, 10, 15 or 19, is of the essence to this transaction, and Lessee shall have the right to seek specific performance of such obligation in any appropriate court or tribunal.

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

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

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

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

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

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

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

Section 24. Chattel Paper. The parties hereto agree that certain rights, title and interest in and to this Lease and to the Items of Equipment covered hereby on the part of the Lessor have been assigned to and are subject to a lien and security interest in favor of U.S. Trust Company of California, N.A., as Indenture Trustee under the Indenture. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease may be created through the transfer or possession of any counterpart other than the original counterpart that contains the receipt therefor executed by U.S. Trust Company of California, N.A., as Indenture Trustee, on or immediately following the signature page hereof.

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

LESSOR:

ALTOONA LOCOMOTIVE LEASE CO., LTD.

By _____
Name: Thomas M. Tuggle
Title: Vice President

LESSEE:

CONSOLIDATED RAIL CORPORATION

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

COMMONWEALTH OF PENNSYLVANIA:

SS

COUNTY OF PHILADELPHIA :

On this, the 28 day of May, 1991, before me, a notary public, personally appeared Thomas M. Tuggle, to me personally known, who being by me duly sworn, says that he is the Vice President of Altoona Locomotive Lease Co., Ltd., that said instrument was executed 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.

(NOTARIAL SEAL)

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

Rosemary Pasquariello
Notary Public

My Commission Expires:

NOTARIAL SEAL
Rosemary Pasquariello Notary Public
City of Philadelphia, Phila County
My Commission Expires May 16 1992

COMMONWEALTH OF PENNSYLVANIA:

SS

COUNTY OF PHILADELPHIA :

On this, the 28 day of May, 1991, before me, a notary public, 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 executed 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
28 day of May, 1991.

(NOTARIAL SEAL)

Rosemary Pasquariello
Notary Public

My Commission Expires:

NOTARIAL SEAL
Rosemary Pasquariello, Notary Public
City of Philadelphia, Phila County
My Commission Expires May 16 1992

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

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

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct, or cause the direction of, the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" 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" means all rules, regulations and orders issued by the ICC, the Department of Transportation and any other government or instrumentality, subdivision or agency thereof having jurisdiction and relating to the registration, operation, maintenance and service of the Items of Equipment.

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

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

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

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

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

"Business Day" means 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 Indenture Trustee or the Pass Through Trustee maintains its Corporate Trust Office.

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

"Certificates" means 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, upon the purchase of the Equipment Notes and any replacement Certificates thereto.

"Certificates of Participation" means 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.

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

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

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

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

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

"Consent and Agreement" means 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" means the date on which the Equipment Notes are converted into Certificates of Participation pursuant to Section 2.11 of the Indenture.

"Corporate Trust Office" means, with respect to the Pass Through Trustee and the 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" means Morgan, Lewis & Bockius, a Pennsylvania general partnership, and its successors and permitted assigns.

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

"Debt Participation Agreement" means the Debt Participation Agreement (Conrail 1991-A), 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" means the amount set forth in Schedule E to the Lease.

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

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

"Distribution Date" means, with respect to distributions of Scheduled Payments, each March 25, June 25, September 25 and December 25, until payment of all the Scheduled Payments to be made under the Equipment Notes has been made, commencing on June 25, 1991.

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

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

"Equipment Notes" means 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" means the Equity Participation Agreement (Conrail 1991-A), 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.

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

"Event of Loss" with respect to any property means any of the following events with respect to such property: (i) loss of the use of such property due to (x) theft or disappearance, or any other reason not covered elsewhere in this definition, for a period in excess of six months, (y) destruction, or (z) in the opinion of Lessee, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever; (ii) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss; (iii) the condemnation or requisition of title to such property by the Government or any other governmental authority; (iv) as a result of any rule, regulation, order or other action by the ICC, the Department of Transportation or other governmental body of the United States of America or Canada having jurisdiction, the use of such property in the normal course of rail transportation shall have been prohibited for a period of six consecutive months, unless Lessee, prior to the expiration of such six-month period, shall have undertaken and shall be diligently carrying forward all steps which in its judgment are necessary or desirable to permit the normal use of such property by Lessee or, in any event, if such use shall have been prohibited for a period of 12 consecutive months; (v) the operation or location of such property, while under requisition for use by the Government, in any area excluded from coverage by any insurance policy in effect with respect to such property required by the terms of Section 11 of the Lease, if Lessee shall be unable to obtain indemnity in lieu thereof from the Government; or (vi) the confiscation, seizure or requisition of use of such property by the Government or any other governmental authority for a period in excess of 12 consecutive months or for a period continuing beyond the Term.

"Excepted Interests" means (i) any indemnity payments and interest thereon paid or payable to Lessor under the Lease, (ii) proceeds of public liability insurance in respect of the Items of Equipment paid or payable as a result of insurance claims made, or losses suffered by, the Lessor, (iii) proceeds of insurance maintained in respect of the Items of Equipment by or for the benefit of the Lessor and not required under Section 11 of the Lease, (iv) any Basic Rent, Casualty Value Termination Payments, Special Termination Payments, Purchase Price or Deficiency Payments 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 its 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 as Lessor to seek specific performance of the covenants of the Lessee under the Lease relating to the protection, insurance and maintenance of the Items of Equipment and to maintain separate insurance with respect to the Items of Equipment pursuant to Section 11 of the Lease; (x) the right to demand, collect, sue for or otherwise receive and enforce the payment of any Excepted Interests; and (xi) the right to amend, settle or reduce the amount of any claim payable to Lessor as an Excepted Interest.

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

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

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

"Indenture" or "Trust Indenture" means the Trust Indenture and Security Agreement (Conrail 1991-A), 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, modified or

supplemented from time to time, including supplementation by each Indenture Supplement executed and delivered pursuant thereto.

"Indenture Default" means 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" has the meaning specified in the Granting Clause of the Indenture.

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

"Indenture Supplement" means the Indenture Supplement No. 1 (Conrail 1991-A), 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" means 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.

"Initial Storage Period" has the meaning set forth in Section 5(d) of the Lease.

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

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

"Item of Equipment" means (i) each of the General Electric Dash 8-40CW diesel electric locomotives (or an improved model of the same Manufacturer) listed by Lessee's road numbers 6100 through 6119 inclusive in the Lease Supplement executed and delivered on the Delivery Date; (ii) any Replacement Item of Equipment which may from time to time be substituted, pursuant to Section 8(a) or 10(a) of the Lease, for an Item of Equipment leased under the Lease; and (iii) any and all Parts incorporated or installed in or attached to such Item of Equipment and any and all Parts removed from such Item of Equipment so long as title thereto shall remain vested in Lessor in accordance with the terms of Section 8 of the Lease after removal from the Item of Equipment.

The term "Items of Equipment" also means, as of any date of determination, all Items of Equipment then leased under the Lease.

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

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

"Lease Agreement" or "Lease" means the Lease Agreement (Conrail 1991-A), relating to the Items of Equipment, dated as of May 29, 1991, between Lessor and Lessee, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time. The term "Lease" shall include each Lease Supplement entered into pursuant to the terms of the Lease.

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

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

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

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

"Lease Supplement" means the Lease Supplement No. 1 (Conrail 1991-A), substantially in the form of Exhibit A to the Lease, to be entered into between Lessor and Lessee on the Delivery Date for the purpose of leasing the Items of Equipment under and pursuant to the terms of the Lease, any amendment

to the Lease Supplement and any subsequent Lease Supplement executed and delivered in connection with a Replacement Item of Equipment.

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

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

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

"Lessor's Cost" for each Item of Equipment means an amount equal to $1,398,977.83.

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

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

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

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

"Make-Whole Amount" means, 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 (as defined in Appendix A to the Trust Indenture), 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 clauses (a)(ii) and (b) of this definition shall be determined after deducting the principal installment, if any, due on such prepayment date.

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

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

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

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

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

"Offering Circular" means the Offering Circular relating to the offering of the Certificates.

"Officer's Certificate" means, with respect to any entity, a certificate signed by any Person authorized by or pursuant to the organizational documents, by-laws or any board resolution (in the case of a corporation), partnership agreement (in the case of a partnership), or trust agreement (in the case of a trust)

to execute, deliver and take all actions on behalf of such entity in respect of any of the Operative Documents.

"Operative Document" means each of the 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" means 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.

"Overdue Rate" means (i) with respect to payments required to be made in U.S. Dollars or, if no currency is specified with respect to a payment, payments in fact made in U.S. Dollars, 9.59% per annum, and (ii) with respect to payments required to be made in Yen or, if no currency is specified with respect to a payment, payments in fact made in Yen, 7.94% per annum.

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

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

"Pass Through Trust Agreement" means the Pass Through Trust Agreement, dated as of May 29, 1991, between the Pass Through Trustee and the Lessee, and all annexes, supplements and exhibits thereto, all as amended, modified or supplemented from time to time.

"Pass Through Trustee" means 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" means any letter so titled which is delivered by the Lessor to the Lessee and acknowledged by the Indenture Trustee.

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

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

"Pledge Agreement" means the Pledge and Assignment Agreement (Conrail 1991-A), 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.

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

"Purchase Agreement" means the Purchase Agreement dated March 26, 1990 between the Manufacturer and Lessee, providing, among other things, for the manufacture and sale by the Manufacturer to Lessee of 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.

"Rent" means Basic Rent and Supplemental Rent.

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

"Scheduled Payment" means, with respect to a Distribution Date, any payment (other than a Special Payment) of principal and interest on an Equipment Note, due from Lessor, which Payment represents the payment of principal at the stated maturity of such Equipment Note, or the payment of regularly scheduled interest accrued on such Equipment Note.

"Secured Obligations" means, 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.

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

"Special Distribution Date" means (a) with respect to the prepayment of any Equipment Notes, the 25th day of the month on which such prepayment is scheduled to occur pursuant to the terms of the applicable Indenture and (b) with respect to any Special Payment relating to an Equipment Note other than as described in clause (a) of the definition of Special Payments, the earliest 25th day of a month for which it is practicable for the Pass Through Trustee to give notice pursuant to Section 4.02(c) of the Pass Through Trust Agreement, 25 days prior thereto.

"Special Payment" means with respect to an Equipment Note, (a) any payment of principal, premium, if any, and interest on such Equipment Note resulting from the prepayment of such Equipment Note pursuant to Section 2.10 of the applicable Indenture, (b) any payment of principal and interest (including any interest accruing upon default) on, or any other amount in respect of, such Equipment Note upon an Indenture Default in respect thereof or upon the exercise of remedies under the Indenture relating to such Equipment Note, (c) any Scheduled Payment or any Special Payment referred to in clause (a) of this definition which is not in fact paid within five days of the Distribution Date or Special Distribution Date applicable thereto, or (d) any proceeds from the sale of any Equipment Notes by the Pass Through Trustee pursuant to Article VI of the Pass Through Trust Agreement; and Special Payments shall mean all of such Special Payments.

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

"Specified Exchange Rate" means the exchange rate of U.S. $1.00 equals 138.50 (Yen).

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

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

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

"Tax Indemnitee" means Lessor and each Kumiai-in and each of their respective Affiliates, shareholders, directors, officers, employees, servants, agents, successors and permitted assigns.

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

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

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

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

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

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

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

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

"United States Taxes" means any Taxes imposed, withheld, levied or assessed by any federal, state or local government or taxing authority of or in the United States of America.

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

"Yen Account" means the account of Lessor, account no. 7390996, with The Mitsui Taiyo Kobe Bank, Ltd., Tokyo Main Office.

Exhibit A
To
Lease

LEASE SUPPLEMENT NO. 1 (CONRAIL 1991-A)

Between

ALTOONA LOCOMOTIVE LEASE CO., LTD.,
as Lessor

and

CONSOLIDATED RAIL CORPORATION,
as Lessee

Twenty General Electric Dash 8-40CW
Diesel Electric Locomotives

Dated as of May 29, 1991

CERTAIN RIGHTS, TITLE AND INTEREST IN AND TO THIS LEASE SUPPLEMENT NO. 1 AND TO THE ITEMS OF EQUIPMENT COVERED HEREBY ON THE PART OF ALTOONA LOCOMOTIVE LEASE CO., LTD. HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF U.S. TRUST COMPANY OF CALIFORNIA, N.A., AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE AND SECURITY AGREEMENT (CONRAIL 1991-A) DATED AS OF MAY 29, 1991. TO THE EXTENT, IF ANY, THAT THIS LEASE SUPPLEMENT NO. 1 CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE SUPPLEMENT NO. 1 MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY U.S. TRUST COMPANY OF CALIFORNIA, N.A., AS INDENTURE TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

EXHIBIT A
TO
LEASE

LEASE SUPPLEMENT NO. 1 (CONRAIL 1991-A), dated May 29, 1991, between ALTOONA LOCOMOTIVE LEASE CO., LTD., a corporation formed under the laws of the Cayman Islands ("Lessor"), and CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation ("Lessee").

W I T N E S S E T H:

WHEREAS, Lessor and Lessee have heretofore entered into that certain Lease Agreement (Conrail 1991-A), dated as of May 29, 1991 (herein called the "Lease Agreement"). All capitalized terms used herein without definition shall have the meanings specified in Appendix X to the Lease. The Lease Agreement provides for the execution and delivery from time to time of Lease Supplements, each substantially in the form hereof for the purpose of leasing specific Items of Equipment under the Lease Agreement as and when delivered by Lessor to Lessee in accordance with the terms thereof.

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

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

1. Lessor hereby delivers and leases to Lessee under the Lease Agreement, and Lessee hereby accepts and leases from Lessor under the Lease Agreement twenty General Electric Dash 8-40CW Diesel Electric Locomotives, bearing Lessee's road numbers 6100 through 6119 inclusive.

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

3. Lessor's Cost for each Item of Equipment is $1,398,977.83 and the aggregate Lessor's Cost for all of the Items of Equipment is $27,979,556.50.

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

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

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

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

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

10. The parties hereto agree that certain rights, title and interest of Lessor in and to this Lease Supplement No. 1 and to the Items of Equipment have been assigned to and are subject to a lien and security interest in favor of U.S. Trust Company of California, N.A., as Indenture Trustee, under the Indenture. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease Supplement No. 1 may be created through the transfer or possession of any counterpart other than the original counterpart that contains the receipt therefor executed by U.S. Trust Company of California, N.A., as Indenture Trustee, on or immediately following the signature page hereof.

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

LESSOR

ALTOONA LOCOMOTIVE LEASE CO., LTD.

By:_____
Name: Thomas M. Tuggle
Title: Vice President

LESSEE

CONSOLIDATED RAIL CORPORATION

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

SCHEDULE 1
TO LEASE

IDENTIFICATION OF ITEMS OF EQUIPMENT

General Electric Dash 8-40CW Diesel Electric Locomotives numbered with Lessee's road numbers 6100 through 6119 inclusive.

SCHEDULE A
TO
LEASE

BASIC RENT PAYMENTS

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

SCHEDULE A
TO
LEASE

BASIC RENT PAYMENTS
(per Item of Equipment)

LEASE PERIOD DATE	U.S. DOLLAR AMOUNT (US$)	YEN AMOUNT (US$)
25-Jun-91	11,556.00	
25-Sep-91	38,520.00	
25-Dec-91	38,520.00	
25-Mar-92	38,520.00	
25-Jun-92	38,520.00	
25-Sep-92	38,520.00	
25-Dec-92	38,520.00	
25-Mar-93	38,520.00	
25-Jun-93	38,520.00	
25-Sep-93	38,520.00	
25-Dec-93	38,520.00	
25-Mar-94	38,520.00	
25-Jun-94	38,520.00	
25-Sep-94	38,520.00	
25-Dec-94	38,520.00	
25-Mar-95	38,520.00	
25-Jun-95	38,520.00	
25-Sep-95	38,520.00	
25-Dec-95	38,520.00	
25-Mar-96	38,520.00	
25-Jun-96	38,520.00	
25-Sep-96	38,520.00	
25-Dec-96	38,520.00	
25-Mar-97	38,520.00	
25-Jun-97	38,520.00	
25-Sep-97	14,234.43	24,285.57
25-Dec-97	38,520.00	
25-Mar-98	13,712.91	24,807.09
25-Jun-98	38,520.00	
25-Sep-98	13,180.21	25,339.79
25-Dec-98	38,520.00	
25-Mar-99	19,738.05	18,781.95
25-Jun-99	38,520.00	
25-Sep-99	25,216.43	13,303.57
25-Dec-99	38,520.00	
25-Mar-2000	22,984.74	15,535.26
25-Jun-2000	38,520.00	

ALTOONA

SCHEDULE A
TO
LEASE

BASIC RENT PAYMENTS
(per Item of Equipment)

LEASE PERIOD DATE	U.S. DOLLAR AMOUNT (US$)	YEN AMOUNT (US$)
25-Sep-2000	20,899.56	17,620.44
25-Dec-2000	38,520.00	
25-Mar-2001	18,944.16	19,575.84
25-Jun-2001	38,520.00	
25-Sep-2001	17,104.09	21,415.91
25-Dec-2001	38,520.00	
25-Mar-2002	15,365.09	23,154.91
25-Jun-2002	38,520.00	
25-Sep-2002	13,717.10	24,802.90
25-Dec-2002	38,520.00	
25-Mar-2003	12,148.24	26,371.76
25-Jun-2003	38,520.00	
25-Sep-2003	10,649.77	27,870.23
25-Dec-2003	38,520.00	
25-Mar-2004	9,213.08	29,306.92
25-Jun-2004	38,520.00	
25-Sep-2004	7,829.67	30,690.33
25-Dec-2004	38,520.00	
25-Mar-2005	6,015.15	32,504.85
29-May-2005	26,964.00	

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SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS

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

Computation of Basic Termination Payment. The Basic Termination Payment with respect to each Item of Equipment with reference to any Termination Date shall be an amount, computed with reference to the Monthly Dates and U.S. Dollar amounts set forth in the table below, and equal to the amounts described below, plus an amount equal to any Make-Whole Amount payable with respect to the Equipment Notes and Certificates on the relevant Termination Date:

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

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

(iii) if the Termination Date occurs on a date (other than a Monthly Date or a Lease Period Date) which falls between a Lease Period Date and the preceding Monthly Date (a "Lease Period Month"), the amount obtained by (w) subtracting the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column 1

from the amount listed opposite the Monthly Date immediately following such Termination Date in Column 2, (x) dividing the difference computed in (w) above by 30, (y) multiplying the quotient computed in (x) above by the number of days elapsed, assuming 30 days per month, from (but not including) the Monthly Date immediately preceding such Termination Date to and including such Termination Date and (z) adding the product computed in (y) above to the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column 1; or

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

SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
25-Jun-91	1,114,570	1,126,126
25-Jul-91	1,122,548	-
25-Aug-91	1,130,527	-
25-Sep-91	1,099,986	1,138,506
25-Oct-91	1,107,860	-
25-Nov-91	1,115,734	-
25-Dec-91	1,085,089	1,123,609
25-Jan-92	1,092,856	-
25-Feb-92	1,100,624	-
25-Mar-92	1,069,872	1,108,392
25-Apr-92	1,077,531	-
25-May-92	1,085,189	-
25-Jun-92	1,054,329	1,092,849
25-Jul-92	1,061,876	-
25-Aug-92	1,069,423	-
25-Sep-92	1,038,452	1,076,972
25-Oct-92	1,045,886	-
25-Nov-92	1,053,319	-
25-Dec-92	1,022,234	1,060,754
25-Jan-93	1,029,551	-
25-Feb-93	1,036,869	-
25-Mar-93	1,005,667	1,044,187
25-Apr-93	1,012,866	-
25-May-93	1,020,065	-
25-Jun-93	988,745	1,027,265
25-Jul-93	995,823	-
25-Aug-93	1,002,901	-
25-Sep-93	971,459	1,009,979
25-Oct-93	978,413	-
25-Nov-93	985,367	-
25-Dec-93	953,802	992,322
25-Jan-94	960,630	-
25-Feb-94	967,457	-
25-Mar-94	935,766	974,286
25-Apr-94	942,465	-
25-May-94	949,163	-
25-Jun-94	917,343	955,863
25-Jul-94	923,910	-

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SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
25-Aug-94	930,476	-
25-Sep-94	898,524	937,044
25-Oct-94	904,956	-
25-Nov-94	911,388	-
25-Dec-94	879,301	917,821
25-Jan-95	885,595	-
25-Feb-95	891,890	-
25-Mar-95	859,665	898,185
25-Apr-95	865,819	-
25-May-95	871,973	-
25-Jun-95	839,607	878,127
25-Jul-95	845,617	-
25-Aug-95	851,627	-
25-Sep-95	819,119	857,639
25-Oct-95	824,983	-
25-Nov-95	830,846	-
25-Dec-95	798,191	836,711
25-Jan-96	803,905	-
25-Feb-96	809,618	-
25-Mar-96	776,813	815,333
25-Apr-96	782,374	-
25-May-96	787,934	-
25-Jun-96	754,976	793,496
25-Jul-96	760,380	-
25-Aug-96	765,785	-
25-Sep-96	732,670	771,190
25-Oct-96	737,915	-
25-Nov-96	743,159	-
25-Dec-96	709,885	748,405
25-Jan-97	714,967	-
25-Feb-97	720,048	-
25-Mar-97	686,611	725,131
25-Apr-97	691,526	-
25-May-97	696,441	-
25-Jun-97	662,837	701,357
25-Jul-97	667,582	-
25-Aug-97	672,327	-
25-Sep-97	662,837	677,071

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SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
25-Oct-97	667,582	-
25-Nov-97	672,327	-
25-Dec-97	638,552	677,072
25-Jan-98	643,123	-
25-Feb-98	647,694	-
25-Mar-98	638,552	652,265
25-Apr-98	643,123	-
25-May-98	647,694	-
25-Jun-98	613,746	652,266
25-Jul-98	618,139	-
25-Aug-98	622,533	-
25-Sep-98	613,746	626,926
25-Oct-98	618,139	-
25-Nov-98	622,533	-
25-Dec-98	588,407	626,927
25-Jan-99	592,619	-
25-Feb-99	596,831	-
25-Mar-99	581,305	601,043
25-Apr-99	585,466	-
25-May-99	589,627	-
25-Jun-99	555,270	593,790
25-Jul-99	559,245	-
25-Aug-99	563,220	-
25-Sep-99	541,978	567,194
25-Oct-99	545,858	-
25-Nov-99	549,737	-
25-Dec-99	515,098	553,618
25-Jan-2000	518,785	-
25-Feb-2000	522,472	-
25-Mar-2000	503,175	526,160
25-Apr-2000	506,777	-
25-May-2000	510,379	-
25-Jun-2000	475,462	513,982
25-Jul-2000	478,866	-
25-Aug-2000	482,269	-
25-Sep-2000	464,773	485,673
25-Oct-2000	468,100	-
25-Nov-2000	471,427	-

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SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
25-Dec-2000	436,235	474,755
25-Jan-2001	439,358	-
25-Feb-2001	442,480	-
25-Mar-2001	426,659	445,603
25-Apr-2001	429,713	-
25-May-2001	432,767	-
25-Jun-2001	397,303	435,823
25-Jul-2001	400,147	-
25-Aug-2001	402,991	-
25-Sep-2001	388,731	405,835
25-Oct-2001	391,514	-
25-Nov-2001	394,296	-
25-Dec-2001	358,560	397,080
25-Jan-2002	361,127	-
25-Feb-2002	363,693	-
25-Mar-2002	350,895	366,260
25-Apr-2002	353,407	-
25-May-2002	355,919	-
25-Jun-2002	319,911	358,431
25-Jul-2002	322,201	-
25-Aug-2002	324,491	-
25-Sep-2002	313,064	326,781
25-Oct-2002	315,305	-
25-Nov-2002	317,546	-
25-Dec-2002	281,268	319,788
25-Jan-2003	283,281	-
25-Feb-2003	285,295	-
25-Mar-2003	275,160	287,308
25-Apr-2003	277,130	-
25-May-2003	279,099	-
25-Jun-2003	242,550	281,070
25-Jul-2003	244,286	-
25-Aug-2003	246,023	-
25-Sep-2003	237,109	247,759
25-Oct-2003	238,806	-
25-Nov-2003	240,504	-
25-Dec-2003	203,682	242,202
25-Jan-2004	205,140	-

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SCHEDULE B
TO
LEASE

BASIC TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	U.S. DOLLAR AMOUNT (US$) COLUMN 1	COLUMN 2
25-Feb-2004	206,598	-
25-Mar-2004	198,843	208,056
25-Apr-2004	200,266	-
25-May-2004	201,690	-
25-Jun-2004	164,594	203,114
25-Jul-2004	165,772	-
25-Aug-2004	166,950	-
25-Sep-2004	160,299	168,129
25-Oct-2004	161,446	-
25-Nov-2004	162,594	-
25-Dec-2004	125,222	163,742
25-Jan-2005	126,118	-
25-Feb-2005	127,015	-
25-Mar-2005	121,896	127,911
25-Apr-2005	122,769	-
25-May-2005	123,641	-
29-May-2005	96,793	123,757

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SCHEDULE C
TO
LEASE

CASUALTY VALUE TERMINATION PAYMENTS

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

SCHEDULE D
TO
LEASE

SPECIAL TERMINATION PAYMENTS

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

(a) any termination effected pursuant to Section 9(a), 9(b), 9(c) (where the illegality arises under the laws of a jurisdiction other than Japan), 9(d)(ii), 10 or 15 shall be referred to as a "Column A Termination";

(b) any termination effected pursuant to Section 9(d)(iii) shall be referred to as a "Column B Termination";

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

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

(a) Column A Termination.

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

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

(iii) if the Termination Date occurs on a date which is not a Monthly Date or Lease Period Date, in a Lease Period Month, the amount listed opposite the Monthly Date immediately following such Termination Date in Column A2 or, if such Monthly Date is in a different calendar month from the Termination Date then the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column A1;

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

(b) Column B Termination.

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

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

(iii) if the Termination Date occurs on a date which is not a Monthly Date or Lease Period Date, in a Lease Period Month, the amount listed opposite the Monthly Date immediately following such Termination Date in Column B2 or, if such Monthly Date is in a different calendar month from the Termination Date then the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column B1;

(iv) if the Termination Date occurs on a date other than a date specified in clause (i), (ii) or (iii) above, the amount listed opposite the Monthly Date immediately following such Termination Date in Column B1

or, if such Monthly Date is in a different calendar month from the Termination Date then the amount listed opposite the Monthly Date immediately preceding such Termination Date in Column B1.

(c) Column C Termination.

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

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

(iii) if the Termination Date occurs on a date (other than a Monthly Date or a Lease Period Date), the amount obtained by (w) multiplying the amount opposite the preceding March 25 or September 25 Monthly Date (whichever is the most recent) by 0.0694226, (x) multiplying the amount computed in (w) above by the actual number of days elapsed from but not including such preceding Monthly Date to and including the Termination Date, (y) dividing the amount computed in (x) by 365, and (z) adding the amount computed in (y) to the amount opposite the preceding March 25 or September 25 Monthly Date (whichever is the most recent).

SCHEDULE D
TO
LEASE

SPECIAL TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	COLUMN A TERMINATION A2 (US$)	COLUMN B TERMINATION B1 (US$)	COLUMN B TERMINATION B2 (US$)	COLUMN C TERMINATION C1 (US$)	COLUMN C TERMINATION C2 (US$)
25-Jun-91	338,325	338,325	335,769	335,769	204,716	204,716
25-Jul-91	340,919	-	335,815	-	205,878	-
25-Aug-91	343,535	-	335,892	-	207,079	-
25-Sep-91	346,174	346,174	336,000	336,000	208,280	208,280
25-Oct-91	346,466	-	333,949	-	209,469	-
25-Nov-91	349,101	-	334,117	-	210,697	-
25-Dec-91	351,549	351,549	334,650	334,650	211,885	211,885
25-Jan-92	354,020	-	335,211	-	213,113	-
25-Feb-92	356,511	-	335,801	-	214,341	-
25-Mar-92	359,023	359,023	336,417	336,417	215,490	215,490
25-Apr-92	357,548	-	333,418	-	216,761	-
25-May-92	360,046	-	334,064	-	217,990	-
25-Jun-92	362,427	362,427	334,953	334,953	219,261	219,261
25-Jul-92	364,828	-	335,868	-	220,490	-
25-Aug-92	367,249	-	336,808	-	221,761	-
25-Sep-92	369,690	369,690	337,774	337,774	223,031	223,031
25-Oct-92	366,742	-	333,855	-	224,304	-
25-Nov-92	369,162	-	334,835	-	225,619	-
25-Dec-92	371,482	371,482	336,013	336,013	226,892	226,892
25-Jan-93	373,822	-	337,216	-	228,207	-
25-Feb-93	376,181	-	338,442	-	229,522	-
25-Mar-93	378,559	378,559	339,692	339,692	230,710	230,710
25-Apr-93	374,364	-	334,970	-	232,070	-
25-May-93	376,714	-	336,222	-	233,386	-
25-Jun-93	378,982	378,982	337,633	337,633	234,747	234,747
25-Jul-93	381,269	-	339,068	-	236,063	-
25-Aug-93	383,575	-	340,525	-	237,423	-
25-Sep-93	385,899	385,899	342,004	342,004	238,784	238,784
25-Oct-93	380,661	-	336,593	-	240,146	-
25-Nov-93	382,952	-	338,062	-	241,554	-
25-Dec-93	385,176	385,176	339,660	339,660	242,916	242,916
25-Jan-94	387,418	-	341,279	-	244,324	-
25-Feb-94	389,679	-	342,920	-	245,732	-
25-Mar-94	391,957	391,957	344,581	344,581	247,004	247,004
25-Apr-94	385,864	-	338,591	-	248,460	-
25-May-94	388,104	-	340,235	-	249,870	-
25-Jun-94	390,292	390,292	341,979	341,979	251,326	251,326
25-Jul-94	392,499	-	343,744	-	252,735	-
25-Aug-94	394,723	-	345,530	-	254,192	-

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SCHEDULE D
TO
LEASE

SPECIAL TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	COLUMN A TERMINATION A2 (US$)	COLUMN B TERMINATION B1 (US$)	COLUMN B TERMINATION B2 (US$)	COLUMN C TERMINATION C1 (US$)	COLUMN C TERMINATION C2 (US$)
25-Sep-94	396,964	396,964	347,335	347,335	255,648	255,648
25-Oct-94	390,186	-	340,873	-	257,107	-
25-Nov-94	392,386	-	342,654	-	258,614	-
25-Dec-94	394,547	394,547	344,513	344,513	260,073	260,073
25-Jan-95	396,726	-	346,392	-	261,580	-
25-Feb-95	398,922	-	348,291	-	263,088	-
25-Mar-95	401,134	401,134	350,209	350,209	264,449	264,449
25-Apr-95	393,830	-	343,378	-	266,008	-
25-May-95	395,998	-	345,266	-	267,517	-
25-Jun-95	398,140	398,140	347,214	347,214	269,077	269,077
25-Jul-95	400,300	-	349,181	-	270,586	-
25-Aug-95	402,477	-	351,169	-	272,145	-
25-Sep-95	404,670	404,670	353,175	353,175	273,704	273,704
25-Oct-95	396,982	-	346,075	-	275,266	-
25-Nov-95	399,129	-	348,047	-	276,880	-
25-Dec-95	401,262	401,262	350,064	350,064	278,441	278,441
25-Jan-96	403,412	-	352,101	-	280,055	-
25-Feb-96	405,578	-	354,158	-	281,669	-
25-Mar-96	407,761	407,761	356,233	356,233	283,179	283,179
25-Apr-96	399,822	-	348,961	-	284,848	-
25-May-96	401,957	-	351,000	-	286,464	-
25-Jun-96	404,089	404,089	353,072	353,072	288,134	288,134
25-Jul-96	406,239	-	355,165	-	289,750	-
25-Aug-96	408,405	-	357,277	-	291,419	-
25-Sep-96	410,587	410,587	359,409	359,409	293,089	293,089
25-Oct-96	402,519	-	352,059	-	294,761	-
25-Nov-96	404,653	-	354,153	-	296,489	-
25-Dec-96	406,794	406,794	356,271	356,271	298,162	298,162
25-Jan-97	408,952	-	358,410	-	299,890	-
25-Feb-97	411,127	-	360,570	-	301,618	-
25-Mar-97	413,318	413,318	362,749	362,749	303,179	303,179
25-Apr-97	405,235	-	355,413	-	304,966	-
25-May-97	407,378	-	357,555	-	306,696	-
25-Jun-97	409,537	409,537	359,716	359,716	308,484	308,484
25-Jul-97	411,714	-	361,898	-	310,214	-
25-Aug-97	413,908	-	364,101	-	312,001	-
25-Sep-97	391,833	416,119	342,039	366,325	289,503	313,789
25-Oct-97	383,655	-	334,722	-	291,155	-
25-Nov-97	385,630	-	336,823	-	292,862	-

ALTOONA

SCHEDULE D
TO
LEASE

SPECIAL TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	COLUMN A TERMINATION A2 (US$)	COLUMN B TERMINATION B1 (US$)	COLUMN B TERMINATION B2 (US$)	COLUMN C TERMINATION C1 (US$)	COLUMN C TERMINATION C2 (US$)
25-Dec-97	387,630	387,630	338,935	338,935	294,514	294,514
25-Jan-98	389,646	-	341,068	-	296,221	-
25-Feb-98	391,677	-	343,219	-	297,928	-
25-Mar-98	368,917	393,724	320,583	345,390	274,663	299,470
25-Apr-98	360,731	-	313,334	-	276,282	-
25-May-98	362,539	-	315,365	-	277,850	-
25-Jun-98	364,378	364,378	317,411	317,411	279,469	279,469
25-Jul-98	366,231	-	319,476	-	281,036	-
25-Aug-98	368,098	-	321,558	-	282,656	-
25-Sep-98	344,639	369,979	298,318	323,658	258,935	284,275
25-Oct-98	336,529	-	291,186	-	260,413	-
25-Nov-98	338,172	-	293,123	-	261,940	-
25-Dec-98	339,847	339,847	295,077	295,077	263,417	263,417
25-Jan-99	341,535	-	297,048	-	264,944	-
25-Feb-99	343,235	-	299,037	-	266,470	-
25-Mar-99	326,166	344,948	282,261	301,043	249,067	267,849
25-Apr-99	318,284	-	275,348	-	250,536	-
25-May-99	319,837	-	277,224	-	251,957	-
25-Jun-99	321,401	321,401	279,116	279,116	253,426	253,426
25-Jul-99	322,978	-	281,026	-	254,847	-
25-Aug-99	324,566	-	282,952	-	256,315	-
25-Sep-99	312,861	326,165	271,592	284,896	244,480	257,784
25-Oct-99	305,300	-	264,991	-	245,875	-
25-Nov-99	306,790	-	266,833	-	247,317	-
25-Dec-99	308,290	308,290	268,691	268,691	248,712	248,712
25-Jan-2000	309,802	-	270,566	-	250,153	-
25-Feb-2000	311,325	-	272,459	-	251,595	-
25-Mar-2000	297,325	312,860	258,833	274,368	237,408	252,943
25-Apr-2000	290,139	-	252,596	-	238,808	-
25-May-2000	291,555	-	254,395	-	240,163	-
25-Jun-2000	292,981	292,981	256,210	256,210	241,562	241,562
25-Jul-2000	294,418	-	258,042	-	242,917	-
25-Aug-2000	295,865	-	259,890	-	244,317	-
25-Sep-2000	279,703	297,323	244,135	261,755	228,096	245,717
25-Oct-2000	272,944	-	238,313	-	229,398	-
25-Nov-2000	274,276	-	240,060	-	230,743	-
25-Dec-2000	275,617	275,617	241,823	241,823	232,044	232,044
25-Jan-2001	276,969	-	243,603	-	233,389	-
25-Feb-2001	278,331	-	245,398	-	234,734	-

ALTOONA

SCHEDULE D
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SPECIAL TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	COLUMN A TERMINATION A2 (US$)	COLUMN B TERMINATION B1 (US$)	COLUMN B TERMINATION B2 (US$)	COLUMN C TERMINATION C1 (US$)	COLUMN C TERMINATION C2 (US$)
25-Mar-2001	260,126	279,702	227,635	247,211	216,373	235,949
25-Apr-2001	253,840	-	222,273	-	217,649	-
25-May-2001	255,079	-	223,961	-	218,883	-
25-Jun-2001	256,326	256,326	225,664	225,664	220,159	220,159
25-Jul-2001	257,583	-	227,383	-	221,394	-
25-Aug-2001	258,850	-	229,118	-	222,669	-
25-Sep-2001	238,709	260,125	209,453	230,869	202,529	223,945
25-Oct-2001	232,940	-	204,596	-	203,685	-
25-Nov-2001	234,077	-	206,216	-	204,879	-
25-Dec-2001	235,221	235,221	207,852	207,852	206,035	206,035
25-Jan-2002	236,375	-	209,503	-	207,229	-
25-Feb-2002	237,537	-	211,170	-	208,423	-
25-Mar-2002	215,553	238,708	189,698	212,853	186,346	209,501
25-Apr-2002	210,344	-	187,445	-	187,445	-
25-May-2002	211,370	-	188,508	-	188,508	-
25-Jun-2002	212,404	212,404	189,607	189,607	189,607	189,607
25-Jul-2002	213,446	-	190,671	-	190,671	-
25-Aug-2002	214,495	-	191,769	-	191,769	-
25-Sep-2002	190,749	215,552	168,464	193,267	168,065	192,868
25-Oct-2002	186,140	-	169,024	-	169,024	-
25-Nov-2002	187,048	-	170,015	-	170,015	-
25-Dec-2002	187,962	187,962	170,974	170,974	170,974	170,974
25-Jan-2003	188,884	-	171,965	-	171,965	-
25-Feb-2003	189,813	-	172,956	-	172,956	-
25-Mar-2003	164,377	190,749	147,479	173,851	147,479	173,851
25-Apr-2003	160,404	-	148,349	-	148,349	-
25-May-2003	161,187	-	149,190	-	149,190	-
25-Jun-2003	161,975	161,975	150,060	150,060	150,060	150,060
25-Jul-2003	162,769	-	150,901	-	150,901	-
25-Aug-2003	163,569	-	151,771	-	151,771	-
25-Sep-2003	136,506	164,376	124,770	152,640	124,770	152,640
25-Oct-2003	133,207	-	125,482	-	125,482	-
25-Nov-2003	133,857	-	126,218	-	126,218	-
25-Dec-2003	134,511	134,511	126,930	126,930	126,930	126,930
25-Jan-2004	135,171	-	127,665	-	127,665	-
25-Feb-2004	135,836	-	128,401	-	128,401	-
25-Mar-2004	107,198	136,505	99,782	129,089	99,782	129,089
25-Apr-2004	104,608	-	100,371	-	100,371	-
25-May-2004	105,118	-	100,940	-	100,940	-

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SCHEDULE D
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SPECIAL TERMINATION PAYMENTS
(per Item of Equipment)

MONTHLY DATES	COLUMN A TERMINATION A1 (US$)	A2 (US$)	COLUMN B TERMINATION B1 (US$)	B2 (US$)	COLUMN C TERMINATION C1 (US$)	C2 (US$)
25-Jun-2004	105,632	105,632	101,528	101,528	101,528	101,528
25-Jul-2004	106,150	-	102,098	-	102,098	-
25-Aug-2004	106,672	-	102,686	-	102,686	-
25-Sep-2004	76,507	107,197	72,584	103,274	72,584	103,274
25-Oct-2004	74,658	-	72,998	-	72,998	-
25-Nov-2004	75,022	-	73,426	-	73,426	-
25-Dec-2004	75,389	75,389	73,840	73,840	73,840	73,840
25-Jan-2005	75,758	-	74,268	-	74,268	-
25-Feb-2005	76,131	-	74,696	-	74,696	-
25-Mar-2005	44,001	76,506	42,578	75,083	42,578	75,083
25-Apr-2005	42,922	-	42,829	-	42,829	-
25-May-2005	43,132	-	43,132	-	43,072	-
29-May-2005	0	43,104	0	43,104	(0)	43,104

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SCHEDULE E
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PURCHASE PRICE

The Purchase Price or the Deficiency Payment per Item of Equipment payable pursuant to Section 19 of the Lease shall be (a) the amount U.S. Dollars 96,793.49 plus (b) the amount of Yen equal to U.S. U.S. Dollars 43,104.29 converted into Yen at the Specified Exchange Rate.

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