

THE CONNECTICUT NATIONAL BANK  
777 Main Street  
Hartford, Connecticut 06115

RECORDATION NO. 15324 ~~15324~~ B

November 2, 1987

NOV 2 1987 5 20 AM

INTERSTATE COMMERCE COMMISSION

11/2/87  
10.00  
CC Washington, D. C.

Ms. Noreta R. McGee, Secretary  
Interstate Commerce Commission  
Twelfth Street and Constitution Avenue, N.W.  
Washington, DC 20423

Dear Secretary:

I have enclosed an original and one counterpart of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The document (the "Document") is:

Trust Indenture Supplement No. 2, dated as of November 2, 1987, a Secondary document.

The Primary Document to which this is connected is the Trust Indenture and Security Agreement dated as of October 8, 1987, which has been assigned recordation number 15324.

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

Owner (Debtor):

The Connecticut National Bank,  
as owner trustee under the  
Owner Trust Agreement,  
dated as of October 8, 1987  
777 Main Street  
Hartford, CT 06115  
Attention: Corporate Trust Administration

*C. Cunningham*  
*Angela Bance*

Indenture Trustee (Secured Party):

The Connecticut Bank and Trust Company,  
National Association,  
as indenture trustee under the Trust Indenture  
and Security Agreement,  
dated as of October 8, 1987  
One Constitution Plaza  
Hartford, CT 06115  
Attention: Corporate Trust Department

A description of the equipment covered by the Document follows:

6 diesel-electric locomotives manufactured by the Electro-Motive Division of General Motors Corporation (the "Manufacturer") pursuant to the Agreement, dated September 25, 1986, as amended, between the Manufacturer and Massachusetts Bay Transportation Authority ("MBTA") and identified by MBTA vehicle identification numbers (and AAR designations) 1059, 1060, 1061, 1062, 1063 and 1064.

A fee of \$10.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Goulston & Storrs, 800 South Street, Waltham, MA 02154-1439, Attention: Hynrich W. Wieschhoff.

A short summary of the Document to appear as an addition to the index entry on this transaction follows:

Secondary Document. Trust Indenture Supplement No. 2, between The Connecticut National Bank, as owner trustee under the Owner Trust Agreement, 777 Main Street, Hartford, CT 06115, as owner-lessor (debtor) (the "Owner"), and The Connecticut Bank and Trust Company, National Association, One Constitution Plaza, Hartford, CT 06115, as indenture trustee (secured party) (the "Indenture Trustee"), dated as of November 2, 1987, covering 6 of the locomotives constituting the equipment covered by the Trust Indenture and Security Agreement between the Owner and the Indenture Trustee, dated as of October 8, 1987, covering up to 18 diesel-electric locomotives manufactured by the Electro-Motive Division of General Motors Corporation.

A short summary of the transaction of which the Document is a part follows:

The Document has been entered into in connection with a leveraged lease financing of certain diesel-electric locomotives as contemplated by the Participation Agreement, dated as of October 8, 1987, among Massachusetts Bay Transportation Authority (the "Lessee"), The Connecticut National Bank, as owner trustee under the

Owner Trust Agreement (the "Owner"), The Connecticut National Bank, in its individual capacity, General Motors Acceptance Corporation, Massachusetts Mutual Life Insurance Company and MML Pension Insurance Company (the "Original Noteholders") and The Connecticut Bank and Trust Company, National Association, as Indenture Trustee (the "Indenture Trustee"). Under such transaction, the Owner will lease up to 18 locomotives to the Lessee pursuant to the Lease Agreement, dated as of October 8, 1987 (the "Lease"), between the Owner and the Lessee, and the Owner will borrow certain moneys from the Original Noteholders and the Lessee. Such borrowings will be evidenced by Notes issued and secured pursuant to the Trust Indenture and Security Agreement, dated as of October 8, 1987 (the "Indenture"), between the Owner and the Indenture Trustee. Pursuant to the Indenture, the Owner has sold, assigned, transferred, pledged and confirmed unto the Indenture Trustee for the security and benefit of the holders of Notes a first security interest in all right, title and interest of the Owner in and to Rent (as defined in the Lease) and certain other collateral as described in the Granting Clause of the Indenture. The initial holders of the Notes are the Original Noteholders and the Lessee.

The names and addresses of the other parties to such transaction are:

Original Noteholders:

Massachusetts Mutual Life Insurance Company  
1295 State Street  
Springfield, MA 01111  
Attention: Securities Investment Division

MML Pension Insurance Company  
1295 State Street  
Springfield, MA 01111  
Attention: Securities Investment Division

Lessee:

Massachusetts Bay Transportation Authority  
Ten Park Plaza  
Boston, MA 02116  
Attention: Treasurer-Controller

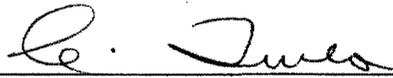
Original Owner Participant:

General Motors Acceptance Corporation  
3044 West Grand Boulevard  
Detroit, MI 48202  
Attention: Vice President - Plans Department

Please acknowledge receipt of this letter of transmittal and its enclosures by appropriately stamping the enclosed copy of this letter and by returning it to Mr. Wieschhoff courtesy of our messenger.

Very truly yours,

The Connecticut National Bank,  
as owner trustee under the  
Owner Trust Agreement

By   
Name:  
Title: **ANDREA TURLO**  
VICE PRESIDENT

Enclosures: Indenture Supplement (with Attachments) - Original  
and Notarized Copy  
Transmittal Letter (Copy)  
Check (\$10.00)

NOV 2 1987 - 8 22 AM

INTERSTATE COMMERCE COMMISSION

## TRUST INDENTURE SUPPLEMENT NO. 2

TRUST INDENTURE SUPPLEMENT NO. 2, dated as of November 2, 1987, between The Connecticut National Bank, acting hereunder not in its individual capacity but solely as owner trustee under the Owner Trust Agreement (the "Owner"), and The Connecticut Bank and Trust Company, National Association (the "Indenture Trustee").

## W I T N E S S E T H:

WHEREAS, the Trust Indenture and Security Agreement dated as of October 8, 1987 (the "Indenture"), between the Owner and the Indenture Trustee provides for the execution and delivery of a Supplement thereto substantially in the form hereof, which Supplement shall describe particular items of Equipment (such term and other defined terms in the Indenture being herein used with the same meanings), by having attached thereto a copy of the Lease Supplement covering such items of Equipment, and shall specifically mortgage and grant a security interest in such items of Equipment to the Indenture Trustee; and

WHEREAS, the Indenture relates to the items of Equipment described in the copy of the Lease Supplement of even number and date attached hereto and made a part hereof and in the related Lease Supplements, if any, previously executed and delivered, and a counterpart of the Indenture is attached to and made a part of this Trust Indenture Supplement;

NOW, THEREFORE, this Supplement witnesseth, that, to secure the prompt payment of the principal of, and interest on, all of the Notes from time to time outstanding under the Indenture and the performance and observance by the Owner of all the agreements, covenants and provisions in the Indenture for the benefit of the Noteholders and in the Notes contained, subject to the terms and conditions of the Indenture, and in consideration of the premises and of the covenants contained in the Indenture and of the acceptance of the Notes by the holders thereof, and of the sum of \$1.00 paid to the Owner by the Indenture Trustee at or before the delivery hereof, the receipt whereof is hereby acknowledged, the Owner has granted, sold, assigned, mortgaged, transferred, pledged, created a security interest in and confirmed and does hereby grant, sell, assign, mortgage, transfer, pledge, create a security interest in and confirm, the property comprising the items of Equipment described in the aforementioned copy of the Lease Supplement attached hereto and all of the right, title and interest of the Owner under, in and to the Lease Supplement of even number and date, referred to above, in each case excluding Excluded Payments, to the Indenture Trustee, its successors and assigns, in the trust created by the Indenture for the benefit of the Noteholders from time to time.

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

This Supplement shall be construed as supplemental to the Indenture and shall form a part of it, and the Indenture, as supplemented by Trust Indenture Supplement No. 1, dated as of October 8, 1987, is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

This Supplement is being delivered in the Commonwealth.

IN WITNESS WHEREOF, the Owner and the Indenture Trustee have caused this Supplement to be duly executed by their officers thereunto duly authorized, as a document under seal, as of the day and year first above written.

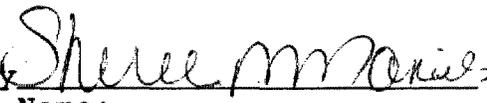
[SEAL]

THE CONNECTICUT NATIONAL BANK,  
not in its individual capacity  
but solely as owner trustee  
under the Owner Trust  
Agreement

By   
Name:  
Title: **ANDREA TURLO**  
VICE PRESIDENT

THE CONNECTICUT BANK AND  
TRUST COMPANY, NATIONAL  
ASSOCIATION

[SEAL]

By   
Name:  
Title: **Sheree M. Daniels**  
Assistant Secretary

Attachments: Lease Supplement  
Trust Indenture

State of Connecticut

County of Hartford

)  
) ss: Hartford  
)

On this 29<sup>th</sup> day of October, 1987, before me personally appeared, Andrea Turlo, to me personally known, who being by me duly sworn, says that he is the Vice President of The Connecticut National Bank, that the seal affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank 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 bank.

[Seal]

Debra A. Carley  
My Commission expires \_\_\_\_\_  
DEBRA A. CARLEY  
NOTARY PUBLIC

MY COMMISSION EXPIRES MARCH 31, 1990

State of Connecticut

County of Hartford

)  
) ss:  
)

On this 29<sup>th</sup> day of October, 1987, before me personally appeared, Sheree M. Daniels, to me personally known, who being by me duly sworn, says that he is the Assistant Secretary of The Connecticut Bank and Trust Company, National Association, that the seal affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank 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 bank.

[Seal]

Dawn Piccoli Herbin  
My Commission expires \_\_\_\_\_

DAWN PICCOLI HERBIN  
NOTARY PUBLIC  
MY COMMISSION EXPIRES MARCH 31, 1990

LEASE SUPPLEMENT NO. 2

This Lease Supplement No. 2 is dated November 2, 1987, and is between The Connecticut National Bank, a national banking association, acting hereunder not in its individual capacity but solely as owner trustee under the Owner Trust Agreement (the "Lessor"), and Massachusetts Bay Transportation Authority, a body politic and corporate and a political subdivision of The Commonwealth of Massachusetts (the "Lessee").

The Lessor and the Lessee have heretofore entered into the Lease Agreement, dated as of October 8, 1987 (the "Lease Agreement" and defined terms therein being hereinafter used with the same meanings). The Lease Agreement provides for the execution and delivery from time to time of Lease Supplements each substantially in the form hereof for the purposes of leasing the specific items of Equipment under the Lease Agreement as and when delivered by the Lessor to the Lessee in accordance with the terms thereof.

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

1. The Lessor hereby delivers and leases to the Lessee under the Lease Agreement, and the Lessee hereby accepts and leases from the Lessor under the Lease Agreement, the items of Equipment described in the attached Annex 1.

2. The Lessee hereby confirms its agreement to pay the Lessor Basic Rent for such items of Equipment throughout the Basic Term in accordance with Article 8 of the Lease Agreement. Lessor's Purchase Price for such items of Equipment is \$11,403,108.

3. 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.

4. The Delivery Date of such items of Equipment is the date of this Lease Supplement.

5. The Basic Term for such items of Equipment shall commence on the Delivery Date thereof and shall terminate on December 31, 2012.

6. This Lease Supplement is being delivered in The Commonwealth of Massachusetts and shall be governed by, and

construed in accordance with, the laws of The Commonwealth of Massachusetts, including, without limitation, all matters of construction, validity and performance.

7. The Effective Lease Rate under the Lease Agreement, computed on the basis of the payments of Basic Rent determined as of the Delivery Date, is 6.65660%.

8. The Lessee hereby confirms to the Lessor that such items of Equipment have been duly marked in accordance with the terms of Section 4.1 of the Lease Agreement and that the Lessee has accepted such items of Equipment for all purposes hereof and of the Lease Agreement as being in accordance with specifications, in good working order and repair and without defect or inherent vice in title, condition, design, operation or fitness for use, whether or not discoverable by the Lessee as of the date hereof, and free and clear of all liens or encumbrances and claims of others except such liens and encumbrances which may result from claims against the Lessor not related to the ownership of such items of Equipment and except the first mortgage lien and security interest on such items of Equipment in favor of the Indenture Trustee created pursuant to the Indenture; provided, however, that nothing contained herein or in the Lease Agreement shall in any way diminish or otherwise affect any right the Lessee or the Lessor may have with respect to such items of Equipment against the Manufacturer or any subcontractor of the Manufacturer under the Purchase Agreement or the Purchase Agreement Assignment or otherwise.

9. The Lessee acknowledges the existence of, approves of and consents to the assignment by the Lessor to the Indenture Trustee of this Lease Supplement pursuant to the Indenture.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement to be duly executed, as a document under seal, as of the day and year first above written and to be delivered in The Commonwealth of Massachusetts.

LESSOR:

THE CONNECTICUT NATIONAL BANK,  
not in its individual  
capacity but solely as owner  
trustee under the Owner Trust  
Agreement

By 

Name:

Title: **ANDREA TURLO**

VICE PRESIDENT

LESSEE:

MASSACHUSETTS BAY  
TRANSPORTATION AUTHORITY

By *Arthur D. Shea*  
Name: Arthur D. Shea  
Title: Acting Treasurer - Controller

State of Connecticut )  
County of Hartford ) ss:

On this 29<sup>th</sup> day of October, 1987, before me personally appeared, Andrea F. Turto, to me personally known, who being by me duly sworn, says that he is the Vice President of The Connecticut National Bank, that the seal affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank 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 bank.

[seal]

*Susan C. Chadbourne*  
My Commission expires March 31, 1990

Commonwealth of Massachusetts )  
County of Suffolk ) ss:

On this 30<sup>th</sup> day of October, 1987, before me personally appeared, Arthur D. Shea, to me personally known, who being by me duly sworn, says that he is the Acting Treasurer - Controller of Massachusetts Bay Transportation Authority, that the seal affixed to the foregoing instrument is the corporate seal of said authority, that said instrument was signed and sealed on behalf of said authority by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said authority.

[seal]

*Donna L. Haskett*  
My Commission expires 12/12/90  
DONNA L. HASKETT, Notary Public  
My Commission Expires Oct. 12, 1990

Attachment: Annex 1

ANNEX 1

6 diesel-electric locomotives manufactured by General Motors Corporation (the "Manufacturer") pursuant to the Purchase Agreement, dated September 25, 1986, as amended, between the Manufacturer and Massachusetts Bay Transportation Authority ("MBTA"), identified by MBTA and Manufacturer vehicle identification numbers and having the cost more particularly described as follows:

<u>MBTA Vehicle Identification Number</u>	<u>Manufacturer Serial Number</u>	<u>Cost</u>
1059	846003-10	\$1,900,518
1060	846003-11	1,900,518
1061	846003-12	1,900,518
1062	846003-13	1,900,518
1063	846003-14	1,900,518
1064	846003-15	1,900,518

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**TRUST INDENTURE AND SECURITY AGREEMENT**

**Dated as of October 8, 1987**

**Between**

**THE CONNECTICUT NATIONAL BANK,  
not in its individual capacity  
but solely as owner trustee under  
the Owner Trust Agreement,  
Owner,**

**and**

**THE CONNECTICUT BANK AND TRUST COMPANY,  
NATIONAL ASSOCIATION,  
Indenture Trustee.**

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**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY**

**18 Diesel-Electric Locomotives**

**\* \* \***

**10.00% Secured Lender Notes Due July 1, 2011  
5.875% Secured Lessee Note Due December 22, 1987**

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## TRUST INDENTURE AND SECURITY AGREEMENT

This Trust Indenture and Security Agreement is dated as of October 8, 1987, and is between The Connecticut National Bank, a national banking association, acting hereunder not in its individual capacity but solely as owner trustee under the Owner Trust Agreement (the "Owner"), and The Connecticut Bank and Trust Company, National Association, a national banking association (the "Indenture Trustee").

### R E C I T A L S

WHEREAS, in connection with the purchase of the Equipment from the Manufacturer, the Owner desires by this Indenture, among other things, (i) to provide for the issuance by the Owner to the Lessee and the Original Noteholders of the Lessee Note and the Lender Notes, respectively, evidencing participation by the Lessee and the Original Noteholders, respectively, in the payment of Lessor's Purchase Price for the Equipment, as provided in the Participation Agreement, and (ii) to provide for the assignment, mortgage and pledge by the Owner to the Indenture Trustee, as part of the Indenture Estate hereunder, among other things, of all of the Owner's right, title and interest in and to the Equipment, the Lease (except as qualified herein) and all payments and other amounts (other than Excluded Payments) received thereunder, in accordance with and subject to the terms hereof, in trust, as security for the Owner's obligations to the Noteholders, for the benefit and security of such Noteholders; and

WHEREAS, all things necessary to make this Indenture the valid, binding and legal obligation of the Owner and the Indenture Trustee have been done and performed and have happened;

NOW, THEREFORE, this Trust Indenture and Security Agreement is agreed upon to secure the prompt payment of the principal of and interest on all the Notes from time to time outstanding hereunder and the performance and observance by the Owner of all the agreements, covenants and provisions herein for the benefit of the Noteholders. In furtherance of the foregoing and in consideration of the participation of the Noteholders in providing funds for the acquisition of the Equipment, the Owner has granted, sold, assigned, mortgaged, transferred, pledged, created a security interest in and confirmed, and does hereby grant, sell, assign, mortgage, transfer, pledge, create a security interest in and confirm, unto the Indenture Trustee, its successors and assigns, in the trust created on the terms provided herein for the security and benefit of the registered holders from time to time of the

Notes, a first security interest in all right, title and interest of the Owner in and to the following property (the "Indenture Estate"):

GRANTING CLAUSE

(A) (1) all Rent under and all other right, title and interest of the Owner (now existing or hereafter arising) in, to and under the Lease not otherwise specifically reserved in the Owner pursuant hereto;

(2) all right, title and interest of the Owner (now existing or hereafter arising) in and to all Equipment and Parts described in the Trust Indenture Supplements executed and delivered on each Delivery Date or as may be described in any other Trust Indenture Supplements delivered pursuant to this Indenture;

(3) all right, title and interest of the Owner (now existing or hereafter arising) in, to and under the Purchase Agreement to the extent assigned by the Purchase Agreement Assignment and to the extent the Purchase Agreement as so assigned relates to the Equipment described in clause (A)(2) above, and all right, title and interest of the Owner (now existing or hereafter arising) in, to and under the Purchase Agreement Assignment;

(4) all of the rents, profits, revenues, income and products and proceeds of the property subjected or required to be subjected to the Lien of this Indenture received by the Owner;

(5) all right, title and interest of the Owner (now existing or hereafter arising) in and to any and all insurance proceeds with respect to the Equipment, including but not limited to the proceeds derived from insurance required to be maintained under Article 9 of the Lease; and

(6) all proceeds of the foregoing;

BUT EXCLUDING, HOWEVER, from the property, rights, and privileges subject to this Granting Clause, all Excluded Payments;

(B) TO HAVE AND TO HOLD all and singular the aforesaid property unto the Indenture Trustee, its successors and assigns, in trust for the benefit and security of the Noteholders from time to time, without any priority of any one Note over any other, except as herein otherwise expressly provided, and for the uses and purposes, and subject to the terms and provisions, set forth in this Indenture.

(C) It is expressly agreed that anything herein contained to the contrary notwithstanding, the Owner shall remain liable

under the Lease, the Purchase Agreement and the Purchase Agreement Assignment to perform all of the obligations assumed by it thereunder all in accordance with and pursuant to the terms and provisions thereof, and the Indenture Trustee shall have no obligation or liability under the Lease by reason of or arising out of this assignment, nor shall the Indenture Trustee be required or obligated in any manner to perform or fulfill any obligations of the Owner under or pursuant to the Lease, the Purchase Agreement or the Purchase Agreement Assignment or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amount which may have been assigned to it or to which it may be entitled at any time or times.

(D) The Owner does hereby constitute the Indenture Trustee the true and lawful attorney of the Owner, irrevocably, with full power (in the name of the Owner or otherwise) to ask, require, demand, receive and give acquittance for any and all moneys and claims for moneys due and to become due under or arising out of the Lease, the Purchase Agreement and the Purchase Agreement Assignment (but only to the extent such moneys and claims are assigned to the Indenture Trustee pursuant to this Indenture), to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Indenture Trustee, acting in accordance with its standard of care hereunder, may deem to be necessary or advisable in the performance of its duties hereunder.

(E) Unless and until an Event of Default shall have occurred and be continuing, the Owner may exercise on its own behalf the rights, powers and privileges possessed by the Owner under the Operative Documents.

(F) The Owner agrees that at any time and from time to time, upon the written request of the Indenture Trustee, the Owner will promptly and duly execute and deliver any and all such further instruments and documents as the Indenture Trustee may reasonably deem desirable in obtaining the full benefits of this Indenture and of the rights and powers herein granted.

(G) The Owner does hereby warrant and represent that it has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as this Indenture shall remain in effect, any of its right, title or interest hereby assigned to anyone other than the Indenture Trustee except that the Owner may transfer its interest to the extent permitted in the Participation Agreement and the Owner Trust Agreement, and that it will not, except as provided in this Indenture, enter into any agreement amending or supplementing, or granting any consent or approval with regard to, the Lease, the Purchase Agreement or the Purchase Agreement Assignment, accept any

payment assigned hereunder or settle or compromise any claim assigned hereunder arising under the Lease, the Purchase Agreement or the Purchase Agreement Assignment, or submit or consent to the submission to arbitration of any dispute, difference or other matter arising under or in respect to the Lease, the Purchase Agreement or the Purchase Agreement Assignment, provided that the foregoing is subject to the provisions of paragraph (E) above.

(H) The Owner does hereby ratify and confirm the Lease and the Purchase Agreement Assignment and acknowledge the existence of the Purchase Agreement and does hereby agree that it will not, except as provided in Article V, take or omit to take any action the taking or omission of which might result in an alteration or impairment of the Lease or this Indenture or of any of the rights created by the Lease, the Purchase Agreement or the Purchase Agreement Assignment or this Indenture.

It is hereby covenanted and agreed by and between the parties hereto as follows:

## ARTICLE I

### DEFINITIONS

Section 1.01. Certain Terms. The capitalized terms used herein which are defined in, or by reference in, Schedule X annexed hereto and by this reference incorporated herein, as such capitalized terms may be amended from time to time in accordance with Article IX, shall have the meanings specified therein whether or not such terms are defined herein.

Section 1.02. Rules of Construction. Words of the masculine and feminine genders shall be deemed and construed to include the neuter gender. Unless the context otherwise indicates, the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public Bodies, as well as natural persons. Whenever reference is made in this Indenture to any agreement, instrument or document, the same shall (unless the context otherwise requires) mean and refer to such agreement, instrument or document as amended and in effect at the relevant time of reference thereto.

## ARTICLE II

### NOTES

Section 2.01. Form of Notes. (a) The Lessee Note shall be substantially in the form set forth below:

[FORM OF LESSEE NOTE]

5.875% Secured Note  
Due December 22, 1987

(Issued in connection with Diesel-Electric Locomotives  
leased by Massachusetts Bay Transportation Authority)

\$ \_\_\_\_\_, 1987

The Connecticut National Bank, a national banking association, acting not in its individual capacity but solely as owner trustee (herein in such capacity called the "Owner") under that certain Owner Trust Agreement, dated as of October 8, 1987, between General Motors Acceptance Corporation, as Original Owner Participant, and The Connecticut National Bank, in its individual capacity (the "Owner Trust Agreement"), For Value Received, hereby promises to pay to Massachusetts Bay Transportation Authority, or registered assigns, the principal sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), on the Funding Date (such term and the other capitalized terms used herein which are defined in, or by reference in, Schedule X attached to that certain Trust Indenture and Security Agreement, dated as of October 8, 1987 (as supplemented and amended, the "Indenture"), between the Owner and The Connecticut Bank and Trust Company, National Association, as indenture trustee thereunder (herein in such capacity called the "Indenture Trustee"), and not otherwise defined herein, as such capitalized terms may be amended from time to time in accordance with the Indenture and the Owner Trust Agreement, shall have the meanings specified therein), together with interest thereon from the date hereof payable at maturity at the rate of 5.875% per annum (computed on the basis of a 360-day year consisting of twelve 30-day months). Interest at the Overdue Interest Rate on any overdue principal, and (to the extent permitted by applicable law) overdue interest, shall be paid from the due date thereof, payable on demand.

The holder hereof, by accepting this Note, recognizes that the Owner is issuing this Note as owner trustee under the Owner Trust Agreement and not in its individual capacity and agrees that in no case whatsoever shall the Bank or any Owner Participant be personally liable on, or for any loss in respect of, any of the representations, warranties, agreements or obligations of the Owner hereunder as to all of which the

configuration in which the Renewal Equipment is required to be upon return to the Lessor under this Lease and is located at the then present location of the Renewal Equipment ready for delivery. In determining the fair market rental value of the Renewal Equipment, the appraiser(s) shall also take into account the fair market sales value of the Renewal Equipment, the number of years of its remaining useful life, the time value of money and such other factors (not including rental rates under this Lease) as the appraiser(s) may deem appropriate.

2.6. Appraisal Procedure. The fair market sales value of the items of Purchase Equipment in question or the fair market rental value of the Renewal Equipment in question, as the case may be, shall be mutually agreed upon by the parties to this Lease. Upon the determination by either party to this Lease that it and the other party to this Lease are unable to agree upon such fair market sales or rental value, such party (which party shall be the Lessee in the event the Lessor and the Lessee have been unable to agree on such fair market sales or rental value by the day which is 180 days before the end of the Basic Term or Renewal Term, as the case may be) shall deliver to the other party a written notice appointing a recognized independent appraiser to determine such fair market sales or rental value. Within 30 days after receipt of such written notice from one party to this Lease, the other party hereto shall deliver to such party a written notice appointing a recognized independent appraiser selected by such other party to determine such fair market sales or rental value. The two appraisers so appointed shall meet promptly to determine such fair market sales or rental value of the Equipment (or in the event a party fails to appoint an appraiser within 30 days, such determinations shall be made promptly, and in any case within the next 20 days, by the appraiser appointed by such other party). If two appraisers are selected by the Lessor and the Lessee, and, within 30 days after the appointment of the second appraiser, the two appraisers shall be unable to agree upon such fair market sales or rental value, a third recognized independent appraiser shall be chosen within five days thereafter by the mutual consent of such first two appraisers or if such first two appraisers fail to agree upon the appointment of a third appraiser within such five-day period, such appointment shall be made by the American Arbitration Association. The decision of the third appraiser so appointed and chosen shall be given within a period of 30 days after the selection of such third appraiser. Any decision in which the first two appraisers so appointed and acting hereunder concur (or, in the event that a second appraiser is not appointed as provided in this Section 2.6, the decision of the first appraiser appointed pursuant to this Section 2.6) shall in all cases be binding and conclusive upon the Lessor and the Lessee and, in the event that a third appraiser is appointed as aforesaid, the appraisal of such third appraiser shall in all cases be binding and conclusive on the Lessor and the Lessee.

In any appraisal pursuant to Sections 2.3, 2.5 and 10.1(b), the Lessor and the Lessee each shall pay the fees and expenses of the appraiser appointed by it and shall share equally the fees and expenses of the third appraiser, if any. In any appraisal pursuant to Section 13(d), the fees and expenses of all appraisers appointed hereunder shall be paid by the Lessee.

### ARTICLE 3

#### DISCLAIMER OF WARRANTIES

THE LESSOR LEASES THE EQUIPMENT HEREUNDER "AS IS" AND NEITHER THE LESSOR, THE INDENTURE TRUSTEE NOR ANY PARTICIPANT HAS MADE OR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, VALUE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR SUITABILITY OF ANY ITEM OF EQUIPMENT, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, AS TO THE ABSENCE OF OBLIGATION BASED ON STRICT LIABILITY IN TORT, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR ITS COMPLIANCE WITH APPLICABLE GOVERNMENTAL REQUIREMENTS OR REGULATIONS OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY ITEM OF EQUIPMENT, except that the Lessor warrants and represents that on each Delivery Date each item of Equipment shall be free of Lessor Liens.

THE LESSEE HEREBY WAIVES TO THE EXTENT PERMITTED BY APPLICABLE LAW AS AGAINST ANY PARTICIPANT AND THE LESSOR ALL RIGHTS IN RESPECT OF WARRANTIES, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE WITH RESPECT TO ANY ITEM OF EQUIPMENT LEASED UNDER THIS LEASE AND ALL CLAIMS AGAINST ANY PARTICIPANT OR THE LESSOR ARISING OUT OF OR IN CONNECTION WITH THE CONDITION, DESIGN, OPERATION, SPECIFICATION OR PERFORMANCE OF ANY ITEM OF EQUIPMENT INCLUDING, BUT NOT LIMITED TO, (1) ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS THEREOF FOR A PARTICULAR PURPOSE OR USE OR SUITABILITY, (2) ANY IMPLIED WARRANTY THEREOF ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE, (3) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY IN TORT WHETHER OR NOT FOUNDED IN STRICT LIABILITY IN TORT AND (4) FOR ANY OTHER DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES except as otherwise provided in the Participation Agreement.

None of the provisions of this Article 3 or any other provision of this Agreement shall be deemed to amend, modify or otherwise affect the representations, warranties or other obligations (express or implied) of the Manufacturer or any subcontractor or supplier of the Manufacturer, with respect to any item of Equipment or to release the Manufacturer or any such subcontractor or supplier from any such representation, warranty or obligation.

ARTICLE 4

POSSESSION OF EQUIPMENT; FURTHER ASSURANCES

4.1. Insignia; Further Assurances.

(a) Upon delivery of Equipment, the Lessee shall fasten or cause to be fastened and maintained in an operator's area of each item of Equipment which is a locomotive in a clearly visible location, metal nameplates identifying the interests of the Lessor, and, so long as the Equipment shall remain subject to the Indenture, the interest of the Indenture Trustee, in and to such Equipment as follows:

THE CONNECTICUT NATIONAL BANK,  
AS OWNER TRUSTEE AND LESSOR

THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION,  
AS INDENTURE TRUSTEE, MORTGAGEE

The Lessee will not allow the name of any Person other than the Lessor and the Indenture Trustee to be placed on any item of Equipment leased hereunder as a designation that might be interpreted as a Lien thereon or as a claim of ownership; provided, that the Lessee may cause the Equipment leased hereunder to be lettered and otherwise marked in an appropriate manner for convenience of identification of the interest therein of the Lessee or of any sublessee permitted under Section 4.2.

(b) The Lessee will promptly and duly execute and deliver such further documents and assurances and take such further action as the Lessor or the Indenture Trustee may from time to time during the term of this Lease reasonably request or as may be necessary or appropriate in order to more effectively carry out the intent and purpose of this Lease (and, so long as any Notes are outstanding, the Indenture) and to establish and protect the rights and remedies created or intended to be created in favor of the Lessor or the Indenture Trustee, including, without limitation, at the expense of the Lessee, the execution and delivery of supplements or amendments hereto and thereto, in recordable form, subjecting any replacement or substituted Equipment to this Lease and the recording or filing of counterparts hereof, or of financing or continuation statements with respect hereto, in accordance with the laws of such jurisdictions as the Lessor may reasonably deem advisable.

4.2. Possession; Sublease. The Lessee will not, without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, sublease or otherwise in any manner deliver, transfer or relinquish possession of any item of Equipment, except that so long as (i) no Event of Default shall have occurred and be continuing, (ii) the action to be

taken shall not affect the Lien of the Indenture on the Equipment, (iii) the action to be taken does not in the reasonable opinion of any Participant impair the Contract Assistance Provisions or the Contract for Financial Assistance and (iv) the action to be taken shall not cause any modification of the Tax Assumptions or violate any representations, warranties or other obligations of the Lessee set forth in Article 20, the Lessee may, without the prior written consent of the Lessor (except as provided in (b) below):

(a) transfer possession of any item of Equipment for delivery thereof to the manufacturer thereof for testing or other similar purposes or to any organization for service, repair, maintenance or overhaul work on such item of Equipment, or any Part thereof, or for alternations or modification in or additions to such item of Equipment to the extent required or permitted by the terms of Article 6; or

(b) with the prior approval of (x) the holders of at least 90% in aggregate principal amount of the Notes then outstanding and (y) 90% in interest of the Owner Participants, sublease any item of Equipment, provided that any such sublease is not a Disqualifying Event;

provided that: (1) the rights of any transferee who receives possession by reason of a transfer permitted by this Section 4.2 shall be subject and subordinate to, and any sublease permitted by this Section 4.2 shall be made expressly subject and subordinate to, all the terms of this Lease and the Indenture including surrender of possession of each item of Equipment upon a termination of this Lease and the right to repossession pursuant to Article 13 and the avoidance of such sublease upon such repossession, (2) the Lessee shall remain primarily liable hereunder for the performance of and compliance with all of the terms and provisions of this Lease to the same extent as if such sublease or transfer had not occurred and (3) without limiting the effect of the preceding clause (2), any such sublease shall include appropriate provisions (whether by requiring such obligations to be performed by the sublessee, the Lessee, or both) for the operation, maintenance and insurance of any item of Equipment subleased thereby in accordance with the terms hereof.

## ARTICLE 5

### MAINTENANCE AND OPERATION OF EQUIPMENT; REPLACEMENT OF PARTS

5.1. Maintenance. During the Lease Term and the storage period referred to in Section 2.2(d), the Lessee, at its sole cost and expense, shall maintain, inspect, service, repair, overhaul and test, or cause the same to be done to, each item

of Equipment so as to keep such item of Equipment in good operating condition, ordinary wear and tear excepted and in conformity with the operating, running, maintenance and heavy repair manuals, instructions and service bulletins furnished by the Manufacturer or by any subcontractor or supplier of the Manufacturer and in accordance with the Lessee's standard practices for similar equipment (including, without limitation, the Lessee's maintenance program for the Equipment, as from time to time in effect). The Lessee shall maintain all records, logs and other materials required by all governmental authorities to be maintained in respect of the Equipment and shall promptly furnish to the Lessor upon the Lessor's request such information as may be required to enable the Lessor to file any reports required to be filed with any governmental authority as a result of the Lessor's interest in the Equipment.

#### 5.2. Operations.

(a) The Lessee shall not permit any item of Equipment to be maintained, serviced, repaired, overhauled, tested, used or operated in violation of any law or any rule, regulation or order of any governmental authority having jurisdiction, or in violation of any license or regulation relating to any item of Equipment issued by any such authority; provided, that the Lessee may in good faith (after having delivered to the Lessor and the Indenture Trustee an Officer's Certificate stating the facts with respect thereto) contest the validity thereof in any reasonable manner which does not adversely affect the Lessor or the interests of the Noteholders or jeopardize the Lien of the Indenture and which is consistent with and does not impair the continuance in full force and effect of any insurance required to be maintained pursuant to Article 9. In the event that any such law, rule, regulation or order requires alteration of any item of Equipment, the Lessee will conform thereto or obtain conformance therewith at no expense to the Lessor and will maintain such item of Equipment in proper operating condition under such laws, rules, regulations and orders; provided, that the Lessee may in good faith (after having delivered to the Lessor and the Indenture Trustee an Officer's Certificate stating the facts with respect thereto) contest the validity thereof in any reasonable manner which does not adversely affect the Lessor or the interests of the Indenture Trustee or the Noteholders or jeopardize the Lien of the Indenture and which is consistent with any insurance required to be maintained pursuant to Article 9.

The Lessee agrees that (i) it will not operate or locate any item of Equipment, or suffer any item of Equipment to be operated or located, in any area or on any route or in any manner excluded from coverage by any insurance required by the terms of Article 9 or which might impair the Lien of the Indenture and (ii) it will not operate the Equipment if any Event of Default under Article 12(d) shall have occurred and be continuing.

(b) The Lessor agrees to take such reasonable actions as may be appropriate to comply at the Lessee's request and expense with all laws, rules and regulations applicable to the Lessor and necessary to maintain the operation of the Equipment to the extent that such actions cannot be taken by the Lessee on behalf of the Lessor.

5.3. Replacement of Parts. The Lessee, at its sole cost and expense, will promptly replace all Parts 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, the Lessee may, at its sole cost and expense, remove 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 the Lessee will at its sole cost and expense replace such Parts as promptly as possible. All replacement Parts immediately prior to installation on the Equipment shall be free and clear of all Liens (except for Permitted Liens) and shall be in as good operating condition as, and shall have a value and utility at least equal to, the Parts replaced, assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof; provided, that the Lessee shall have the right to install temporary replacement Parts pending completion of permanent repairs or installation of permanent replacement Parts, in which event the Lessee shall install permanent replacement Parts to meet such requirements as soon as reasonably possible and in any event prior to the termination of the Lease Term. Subject to Article 6, all Parts at any time removed from any item of Equipment shall remain the property of the Lessor and subject to this Lease, 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 the item of Equipment from which such Parts were removed 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, (a) title to such replacement Part shall thereupon vest in the Lessor, (b) such replacement Part shall become subject to this Lease and be deemed part of such item of Equipment for all purposes hereof to the same extent as the Part originally incorporated or installed in or attached to such item of Equipment and (c) title to the replaced Part shall thereupon vest in the Lessee, free and clear of all rights of the Lessor, and shall no longer be deemed a "Part" hereunder. The Lessee, at its sole cost and expense, will take such action as may be necessary or appropriate to create, maintain or preserve the Lien of the Indenture with respect to such replacement Parts.

## ARTICLE 6

### ALTERATIONS, MODIFICATIONS AND ADDITIONS

The Lessee, at its sole cost and own expense, will make such alterations and modifications in and additions to the Equipment as may be required from time to time (regardless upon whom such requirements are by their terms nominally imposed) to meet all requirements of Applicable Law; provided, that Lessee may in good faith (after having delivered to the Lessor an Officer's Certificate stating the facts with respect thereto) contest the validity of such requirements in any reasonable manner which does not adversely affect the Lessor or the interests of the Indenture Trustee or the Noteholders or jeopardize the Lien of the Indenture and which is consistent with and does not impair the continuance in full force and effect of any insurance required to be maintained pursuant to Article 9. In addition, the Lessee, at its own expense, may from time to time make such alterations and modifications in and additions to any item of Equipment as the Lessee may deem desirable in the proper conduct of its business, including removal of Parts (herein called "Obsolete Parts") which the Lessee deems obsolete or no longer appropriate or suitable for use in the Equipment; provided (a) that no such alteration, modification, removal or addition changes the basic use or function of the Equipment as locomotives or diminishes the value, utility or condition of such item of Equipment below the value, utility and condition thereof immediately prior to such alteration, modification, removal or addition if such item of Equipment were then in the condition required to be maintained by the terms of this Lease and (b) that each such alteration, modification, removal and addition is done in compliance with the Advance Ruling Guidelines of the Internal Revenue Service set forth in Revenue Procedures 75-21 and 79-48. Except as otherwise set forth in the next succeeding sentence, title to all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (the "Additions") incorporated or installed in or attached to or added to such item of Equipment as the result of such alteration, modification or addition shall, without further act, vest in the Lessee if the Additions can be readily removed from such item of Equipment without diminishing or impairing the value, utility or condition which such item of Equipment would have had at such time had the alteration, modification, removal or addition not occurred. Title to (i) all Additions which cannot be so removed, (ii) replacement parts specified in Section 5.3 and (iii) so long as any Notes are outstanding, all additions intended to enhance the performance or operation of any item of Equipment shall, without further act, vest in the Lessor and become subject to this Lease, provided, that so long as no Default or Event of Default shall have occurred and be continuing, the Lessee may, at any time during the Lease Term, remove any Addition from such item of Equipment, provided that (a) such Addition is in addition to, and not in replacement of

or substitution for, any such item of Equipment, (b) such Addition is not required to be incorporated or installed in or attached or added to such item of Equipment pursuant to the terms of Section 5.1 or Section 5.3 or the first sentence of this Article 6, and (c) such Addition can be readily removed from such item of Equipment without diminishing or impairing the value, utility or condition which such item of Equipment would have had at such time had such alteration, modification, removal or addition not occurred. Upon the removal by the Lessee of any Addition as above provided, title thereto shall, without further act, vest in the Lessee and such Addition shall no longer be deemed a "Part" hereunder. Any Addition not removed by the Lessee as above provided prior to the return of such item of Equipment to the Lessor hereunder shall remain the property of the Lessor.

The Lessor shall not bear any liability or cost for any alteration, modification or addition to any item of Equipment.

## ARTICLE 7

### LIENS

The Lessee will not directly or indirectly create, incur, assume 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 or the Rent or any other payments provided for hereunder except Permitted Liens. The Lessee will promptly, at its own expense, take such action as may be necessary duly to discharge any Lien not excepted above if the same shall arise at any time.

The Lessor agrees that it will not (except as contemplated by this Lease, Section 11 of the Participation Agreement or the Indenture) sell, transfer or otherwise dispose of any item of Equipment or interest therein; provided, however, that the Lessor may enter into an agreement, subject to the Lessee's rights under Article 2, to sell or lease any item of Equipment, such sale to take place or lease to commence after the end of the Lease Term with respect to such item of Equipment.

## ARTICLE 8

### RENT; LESSEE COVENANTS

#### 8.1. Basic Term.

(a) The Lessee shall pay Basic Rent with respect to the Basic Term in 50 consecutive semiannual installments in arrears on each Rent Payment Date during the Basic Term. Subject to adjustment as provided in this Section 8.1, Sections 8.5 and 8.6 and Article 20, each installment shall be in an amount

equal to the applicable percentage of the Lessor's Purchase Price as set forth in Schedule 1 for those items of Equipment that are subject to this Lease on such Rent Payment Date.

The percentages set forth in Schedule 1 and in Exhibit B assume that Lessor's Cost will be equal to 101.667% of Lessor's Purchase Price, resulting in a predetermined after-tax multiple investment sinking fund economic return and aggregate after-tax cash flow (the "Net Economic Return"). If the Lessor shall pay (or shall become obligated to pay or cause to be paid) an amount in excess of or less than 1.667% of Lessor's Purchase Price as payment of Transaction Costs (any amount in excess of 1.667% paid or so to be paid by the Lessor described in this clause is referred to herein as an "Additional Investment"; any amount less than 1.667% paid or so to be paid by the Lessor described in this clause is referred to herein as a "Reduced Investment"), then in such case (but subject to Section 8.2) the percentages relating to Stipulated Loss Value and Basic Rent will be appropriately adjusted on July 1, 1988 (and from time to time thereafter, if necessary) by such amount or amounts as shall be necessary to preserve the Owner Participants' Net Economic Return. If the Lessor shall make an Additional Investment or Reduced Investment as described above, the Lessor shall (a) notify the Lessee in writing of the occurrence of such event, (b) provide the Lessee with revised percentages to be set forth in Schedule 1 and in Exhibit B, (c) confirm in writing to the Lessee (certified by an officer of each Owner Participant) that the same assumptions and methods of computation employed in the original calculations of Stipulated Loss Value and Basic Rent were used in computing such revised percentages and (d) describe in reasonable detail and in writing the calculations and basis of computing such revised percentages. Promptly upon such confirmation, the Lessor and the Lessee shall enter into a Lease Supplement providing for an adjustment in the percentages set forth in Schedule 1 and in Exhibit B pursuant to this Section 8.1. In the event the Lessee believes that such revised percentages were not correctly computed by or on behalf of the Lessor (including, without limitation, the belief that the assumptions and methods used in calculating such revised percentages are not the same as those employed in the original calculations of Stipulated Loss Value and Basic Rent), any conflict between the Lessor and the Lessee shall be resolved by an independent accounting firm in accordance with the procedures described in Section 20.5.4(c). The fees and expenses of such procedure shall be paid as follows: (1) if the computations provided by such accounting firm are different from the Lessor's computations and if the difference is in favor of the Lessor computed on a present value basis (discounted at 10%, compounded semi-annually), such fees and expenses shall be borne by the Owner Participants, provided, that if the Owner Participants fail to pay such fees and expenses, the Lessee shall pay them and no such adjustments in favor of the Lessor shall be made; and (2) if the computations provided by such

accounting firm are different from the Lessor's computations and if the difference is in favor of the Lessee computed on a present value basis (discounted at 10%, compounded semi-annually), such fees and expenses shall be borne (i) by the Owner Participants if such difference in favor of the Lessee equals or exceeds 2% of the present value (so computed) of the computations provided by or on behalf of the Lessor, or (ii) otherwise by the Lessee and (3) if the computations provided by such accounting firm are the same as the Lessor's computations, such fees and expenses shall be borne by the Lessee.

The Effective Lease Rate computed on the basis of the payments of Basic Rent determined as of the first Delivery Date, will be set forth in the Lease Supplement to be delivered on the first Delivery Date.

(b) All amounts received by the Lessor pursuant to Section 3(d)(iv) of the Purchase Agreement Assignment shall be applied pro rata in reduction of the Lessor's Purchase Price of each item of Equipment. In the case of such adjustment of the Lessor's Purchase Price, Basic Rent and Stipulated Loss Value percentages shall be adjusted as shall be necessary to preserve the Owner Participants' Net Economic Return, using the procedures set forth in Sections 8.1(a) and 8.6 as certified to the Lessor by the Owner Participants.

8.2. Payment of Rent and Stipulated Loss Value. Anything contained in this Lease (including, without limitation, Article 20) to the contrary notwithstanding, (x) each payment of Basic Rent payable on each Rent Payment Date shall in no event be less than the installment of principal and interest due and payable on the Notes on such Rent Payment Date, and (y) each payment of Stipulated Loss Value together with interest payable thereon pursuant to Article 10 shall in no event be less than the principal amount of the Notes to be redeemed, and interest due and payable thereon, on the date of payment thereof (after giving effect to any installment of Basic Rent paid on such date). The Lessee shall pay all Rent hereunder free and clear of all Taxes with respect to which the Lessee is required to pay an indemnity pursuant to Section 8.2 of the Participation Agreement so that in no event shall any payment of Rent be less than the amount which would have been paid had no such Taxes been imposed.

8.3. Supplemental Rent; Interest on Overdue Rent. In addition to its obligation to pay Basic Rent and Renewal Rent hereunder, the Lessee shall pay to the Lessor or to whoever shall be entitled thereto any and all Supplemental Rent as and when the same shall become due and owing, and, in the event of any failure on the part of the Lessee to pay any Supplemental Rent when the same shall become due and owing, the Lessor shall have all rights, powers and remedies provided for herein or at law or in equity or otherwise in the case of nonpayment of

Basic Rent or Renewal Rent. The Lessee also agrees to pay to the Lessor, upon demand, as Supplemental Rent, to the extent permitted by Applicable Law, interest at the Overdue Interest Rate on (i) any part of any installment of Basic Rent and Renewal Rent not paid when due for each day for which the same shall be overdue, and (ii) any payment of Supplemental Rent (other than such interest) not paid when due for each day for which the same shall be overdue. The expiration or other termination of the Lessee's obligation to pay Basic Rent or Renewal Rent hereunder shall not limit or modify the obligations of the Lessee with respect to Supplemental Rent. All payments of Supplemental Rent that are required by any provision of the Operative Documents to be paid on an After-tax Basis shall have been calculated and shall be paid on an After-tax Basis.

8.4. Place of Payment of Rent; No Setoff, Counterclaim, Etc. So long as Notes shall be outstanding and to the extent provided therein and notwithstanding any provision hereof to the contrary, all Rent, except payments required by Article 20 hereof or Sections 8.2 or 8.3 of the Participation Agreement, payable (and all amounts payable pursuant to the penultimate sentence of this Section 8.4) at any time when Notes shall be outstanding shall be paid by the Lessee to the Indenture Trustee at its office at One Constitution Plaza, Hartford, CT 06115, Attention: Corporate Trust Department. Such payments shall discharge the obligations of the Lessee to the Lessor hereunder to the extent of such payments. Each such payment to the Indenture Trustee shall be accompanied by notice by the Lessee as to the provisions of the Lease pursuant to which such payment is being made. All Rent payable after receipt by the Lessee of written notice from the Indenture Trustee stating that the Indenture has been satisfied and discharged shall be paid by the Lessee to the Lessor at its office at 777 Main Street, Hartford, CT 06115, Attention: Corporate Trust Administration. Each Rent payment shall be made by the Lessee in immediately available funds prior to 11:00 a.m. (Boston time) on the day when such payment is due.

To the extent permitted by Applicable Law, the Lessee's agreement to pay all Rent shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character, including, without limitation, (i) any change, waiver, extension, indulgence or other action or omission in respect of any obligation or liability of the Lessor hereunder unless effected in compliance with the terms hereof and the Indenture, (ii) any setoff, counterclaim, recoupment, defense or other right which the Lessee may have against the Lessor, the Indenture Trustee, any Participant, the Manufacturer or any other Person for any reason whatsoever, (iii) any defect in the title, condition, design, operation or fitness for use or particular purpose of the Equipment or in the Lien of the Indenture Trustee on title to the Equipment, (iv) any loss or destruction of, or damage

to, the Equipment or interruption or cessation in the use or possession thereof by the Lessee for any reason whatsoever and of whatever duration, (v) any restriction, prevention or curtailment of or interference with any use of the Equipment or any Part thereof, (vi) any insolvency, bankruptcy, reorganization or similar proceeding by or against the Lessee or the Lessor, (vii) any failure to obtain any required governmental consent for a transfer of rights or title to the Lessee or any other Person pursuant to Section 2.3 or Article 10, (viii) the invalidity or unenforceability of this Lease or any other infirmity herein or any lack of power or authority of the Lessor or the Lessee to enter into this Lease, (ix) any deprivation of the Lessee (by the Lessor or any other Person) of the peaceful and quiet occupation and enjoyment of any or all of the Equipment or any items or Part thereof, (x) any indemnity payment made by the Lessee, (xi) any breach or alleged breach by the Lessor of any representation, warranty or covenant made in connection with the transactions contemplated hereby or (xii) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing. Each Rent payment (and each payment pursuant to the immediately succeeding sentence of this Section 8.4) made by the Lessee shall be final, and the Lessee will not seek to have any right to recover all or any part of such payment from the Lessor, the Indenture Trustee or any Participant for any reason whatsoever other than payments made in error. To the extent permitted by Applicable Law, if for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise except as expressly provided herein, the Lessee shall nonetheless pay to the Lessor an amount equal to each payment of Basic Rent hereunder at the time and in the manner that such payment would have become due and payable hereunder if the Lease had not been terminated in whole or in part until all payments of Basic Rent required by the terms of this Lease have been made. Nothing contained in this Section 8.4 shall be construed to be a waiver, modification, alteration or release of any claim which the Lessee may have at any time for damages or equitable relief against the Lessor, the Manufacturer or any other Person.

8.5. Adjustments Due to Changes in Tax Law. The percentage of Lessor's Purchase Price constituting Basic Rent set forth in Section 8.1 has been calculated on the assumption that the Owner Participants will be entitled for Federal income tax purposes to depreciation deductions, amortization deductions and interest deductions as and to the extent contemplated by, and set forth in, Sections 20.3 and 20.4. In the event that prior to any Delivery Date there are any changes in the Code or the Regulations which would increase or decrease such tax attributes or the value to the Original Owner Participant of such attributes, the percentage of Lessor's Purchase Price constituting Basic Rent promptly shall be decreased or increased, as the case may be, so as to provide

the Original Owner Participant with the Net Economic Return that it would have received had such change not occurred.

In the event any adjustment to the percentage of Lessor's Purchase Price constituting Basic Rent is made pursuant to the terms of this Section 8.5, the Stipulated Loss Values and the description of the tax attributes contained in Sections 20.3 and 20.4 shall be revised to reflect such adjustment, but the Stipulated Loss Value on any date shall in no event be less than the principal amount of the Notes outstanding and interest due and payable thereon on the date of payment thereof (after giving effect to any installment of Basic Rent due on such date).

In all cases where Stipulated Loss Value and Basic Rent are adjusted pursuant to this Section 8.5, the Lessor will confirm in writing to the Lessee (certified by an officer of the Original Owner Participant) that the same assumptions and methods of computation employed in the original calculations of Stipulated Loss Value and Basic Rent were used in such adjustments and describe in reasonable detail and in writing the calculation and basis of computing such adjustments. In the event the Lessee believes such adjustments were not correctly computed by or on behalf of the Lessor (including, without limitation, the belief that the assumptions and methods used in calculating such adjustments are not the same as those employed in the original calculations of Stipulated Loss Value and Basic Rent), any conflict between the Lessor and the Lessee shall be resolved by an independent accounting firm in accordance with the procedures described in Section 20.5.4(c). The fees and expenses of such procedure shall be paid as follows: (1) if the computations provided by such accounting firm are different from the Lessor's computations and if the difference is in favor of the Lessor computed on a present value basis (discounted at 10%, compounded semi-annually), such fees and expenses shall be borne by the Owner Participants, provided, that if the Owner Participants fail to pay such fees and expenses, the Lessee shall pay them and no such adjustments in favor of the Lessor shall be made; and (2) if the computations provided by such accounting firm are different from the Lessor's computations and if the difference is in favor of the Lessee computed on a present value basis (discounted at 10%, compounded semi-annually), such fees and expenses shall be borne (i) by the Owner Participants if such difference in favor of the Lessee equals or exceeds 2% of the present value (so computed) of the computations provided by or on behalf of the Lessor, or (ii) otherwise by the Lessee and (3) if the computations provided by such accounting firm are the same as the Lessor's computations, such fees and expenses shall be borne by the Lessee.

8.6. Rent Adjustment; Stipulated Loss Value Adjustment. Anything herein to the contrary notwithstanding, (a) if Basic Rent, as adjusted, payable on any Rent Payment Date would be

less than the installment of interest and principal due and payable on the Notes on such Rent Payment Date, Basic Rent payable on such day will be increased to an amount at least equal to such installment, and the Lessor and the Lessee will, to the extent possible, make appropriate adjustments in other installments of Basic Rent (without, however, reducing any installment due on any Rent Payment Date to an amount less than the installment of interest and principal due and payable on the Notes on such Rent Payment Date), so as to provide to the Lessee and the Owner Participants the benefits they would have had (including the Owner Participants' Net Economic Return) if the provisions of Section 8.1 or Section 8.5, as appropriate, had been applied; or (b) if Stipulated Loss Values are adjusted, Stipulated Loss Value shall be, under any circumstances and in any event, sufficient so that when payments are made in accordance with Sections 10.1(a) or 13(a), the aggregate unpaid principal amount of the Notes issued and outstanding on the date of payment, together with the accrued and unpaid interest thereon, will be paid in full.

8.7. Covenants Re Contract Assistance. The Lessee shall, at all times while this Lease continues in full force and effect or while any Notes remain outstanding, fully and promptly exercise all rights and pursue all claims and remedies which are available to the Lessee against the Commonwealth with respect to the payment by the Commonwealth of, or the reimbursement of the Lessee by the Commonwealth with respect to, Rent, including, without limitation, rights, remedies or claims from time to time possessed by the Lessee under the Contract for Financial Assistance or under Sections 12, 13 or 28 of Chapter 161A of the General Laws of the Commonwealth as now in force or as hereafter amended (such specific statutory provisions, together with all other statutory provisions from time to time providing rights, claims or remedies in favor of the Lessee as against the Commonwealth with respect to Rent, collectively referred to herein as the "Contract Assistance Provisions"). Without limitation to the foregoing, the Lessee agrees with the Lessor as follows:

(a) The Lessee shall in a timely fashion approve in its annual budget for each of its fiscal years an amount necessary to pay all Rent anticipated to be payable by the Lessee during such fiscal year;

(b) Promptly after becoming aware that the Rent payable hereunder in any fiscal year is or shall be greater than the Rent previously budgeted for such fiscal year, the Lessee shall prepare and approve a supplemental budget for such fiscal year covering the amount by which such aggregate actual amount of Rent exceeds such previously budgeted aggregate amount; and

(c) The Lessee will promptly submit to the Treasurer of the Commonwealth all reports, requests, certificates or

other instruments required to obtain payment from the Commonwealth under the Contract Assistance Provisions and under the Contract for Financial Assistance.

If prior to any Rent Payment Date the Lessee has Actual Knowledge that it will be without funds sufficient to pay in full the Rent payment due on such Rent Payment Date, the Lessee shall immediately execute and deliver to the Treasurer of the Commonwealth a certification under Sections 12 or 13 of Chapter 161A of the General Laws of the Commonwealth calling for the payment by the Commonwealth of the net cost of service consisting of that portion of the Rent payment not being directly made by the Lessee. If the Commonwealth does not promptly pay the amount so certified, the Lessee shall promptly and diligently proceed against the Commonwealth through the use of all appropriate judicial remedies to obtain payment of the amount so certified.

#### 8.8. Additional Covenants.

(a) The Lessee will promptly after learning thereof notify each Participant of any litigation or administrative or arbitration proceedings affecting the Equipment or affecting the Lessee or any of its other assets, which, if adversely decided would, either individually or in the aggregate, have a material and adverse effect on the ability of Lessee to perform its obligations under any Operative Document.

(b) The Lessee will use the Equipment in a sound and safe manner using due care at all times to maintain and operate the Equipment in accordance with applicable safety standards.

### ARTICLE 9

#### INSURANCE

9.1. Public Liability and Property Damage Insurance. The Lessee at its sole cost and expense, will maintain or cause to be maintained at all times during the Lease Term and the storage period referred to in Section 2.2(d) public liability insurance including passenger legal liability, personal injury liability, contractual liability and property damage coverage. Such insurance shall be in such amounts and with such insurance companies as is consistent with prudent industry practice; provided, however, that such insurance companies must have a Best rating of at least "B+" or, if not subject to Best rating, must be of financial strength comparable to that required for a Best "B+" rating. Such amounts shall not be less than such insurance coverage carried by similar commuter rail systems of comparable size. All such policies of insurance and all policies taken out in substitution or replacement of the required policies (i) shall name the Lessor, in its individual and fiduciary capacities, and the Indenture Trustee, as

additional insureds, as their respective interests may appear and (ii) shall provide that no cancellation (including for nonpayment of premium) or material change of coverage be effective until at least 30 days after notice thereof has been mailed to the Lessor, the Indenture Trustee and any other named insureds.

9.2. Insurance Against Loss or Damage to Equipment. The Lessee, without expense to the Lessor or other additional insureds, will maintain or cause to be maintained at all times during the Lease Term and the storage period referred to in Section 2.2(d) all-risk insurance covering loss or damage to the Equipment and Parts which is of such type, in such amounts and with such insurance companies as usually carried by similar commuter rail systems of comparable size; provided, however, that such insurance companies must have a Best rating of at least "B+" or, if not subject to Best rating, must be of financial strength comparable to that required for a Best "B+" rating. All policies carried in accordance with this Section 9.2 during the term of this Lease shall (a) name the Lessor and the Indenture Trustee as loss payees, as their interests may appear, and (b) provide that no cancellation (including for nonpayment of premium) or material change of coverage be effective until at least 30 days after notice of same has been mailed to the Lessor, the Indenture Trustee and any other loss payees.

Nothing in this Section 9.2 shall prevent the Lessor, any Noteholder or the Indenture Trustee from maintaining additional insurance with respect to an Event of Loss (provided such insurance does not prejudice the insurance required of the Lessee) or shall prevent the payment of a policy premium which, if not paid by the Lessee, would invalidate the required coverage.

9.3. Application of Insurance Proceeds for Event of Loss. As between the Lessor and the Lessee it is agreed that all insurance payments received as the result of the occurrence of an Event of Loss with respect to an item of Equipment will be applied as follows (but subject to Section 9.5):

(a) unless such items of Equipment are replaced pursuant to Section 10.1(b), so much of such payments as shall not exceed the amounts due under Section 10.1(a) shall be applied in reduction of the Lessee's obligation to pay such amounts, if not already paid by the Lessee, or, if already paid by the Lessee, shall be applied to reimburse the Lessee for its payments of such amounts, and the balance, if any, of such payments remaining thereafter will be paid to the Lessee; and

(b) if such items of Equipment are replaced pursuant to Section 10.1(b) such payments shall be paid over to or retained by the Lessee, provided that the Lessee shall

have fully performed or, concurrently therewith, will fully perform the terms of Section 10.1(b).

9.4. Application of Insurance Proceeds for Other Than Event of Loss. As between the Lessor and the Lessee, the insurance proceeds of any property damage loss to any Equipment not constituting an Event of Loss will be applied in payment (or to reimburse the Lessee) for repairs or for replacement property in accordance with the terms of Article 5, and (subject to Section 9.5) any balance remaining after compliance with such Article with respect to such loss shall be paid to, or retained by, the Lessee.

9.5 Application During Existence of Event of Default. Any amount referred to in Sections 9.3(a), 9.3(b) or 9.4 which is payable to the Lessee shall not be paid to the Lessee or, if it has been previously paid to the Lessee, shall not be retained by the Lessee, if at the time of such payment an Event of Default or a Default shall have occurred and be continuing. In such event, all such amounts shall be paid to and held by the Lessor as security for the obligations of the Lessee to make payments under the Participation Agreement or to pay Rent hereunder or, at the Lessor's option, applied by the Lessor toward payment of any of such obligations of the Lessee at the time due hereunder or under the Participation Agreement as the Lessor may elect. At such time as there shall not be continuing any Default or Event of Default, all such amounts at the time held by the Lessor in excess of the amount, if any, which the Lessor shall have elected to apply as above provided shall be paid to the Lessee.

9.6 Certificates, Etc. The Lessee will during the Lease Term and the storage period referred to in Section 2.2(d) furnish to the Lessor, the Noteholders and the Indenture Trustee, evidence of renewal or replacement of the insurance policies required pursuant to this Article 9 prior to the cancellation, lapse or expiration of such insurance policies and, on the renewal dates of the insurance policies carried by the Lessee pursuant to this Article 9, a certificate of Lessee's insurance broker describing in reasonable detail the insurance carried by the Lessee to comply with this Article 9, the primary and excess insurance carriers and their respective percentage interests, and an Officer's Certificate from the Lessee stating that the insurance then carried and maintained on the Equipment complies with the terms hereof.

9.7. Additional Insurance. Nothing contained herein shall prevent the Lessee or the Lessor from carrying at its own expense additional insurance in excess of that required hereunder, provided that no such insurance may be obtained which would limit or otherwise adversely affect the coverage or payment of any insurance required to be maintained pursuant to this Article 9.

ARTICLE 10

EVENT OF LOSS; DAMAGE

10.1. Event of Loss with Respect to Equipment. Upon the occurrence of an Event of Loss with respect to the Equipment, the Lessee shall give the Lessor prompt (and in any event within five days after such occurrence) written notice thereof and shall, within 30 days of such Event of Loss, elect by written notice to the Lessor either to make payment to the Lessor or to substitute equipment for the items of Equipment subject to such Event of Loss as provided, respectively, in paragraphs (a) and (b) below (failure by the Lessee to make such election within said 30 days being deemed to be an election of alternative (a)).

(a) If the Lessee shall elect to make payment to the Lessor, it shall, not later than the earlier of (x) the second Business Day following receipt of insurance proceeds in respect of such Event of Loss and (y) the 60th day following such Event of Loss, pay or cause to be paid to the Lessor:

(i) The Stipulated Loss Value for the item of Equipment, computed as of the Stipulated Loss Value Date immediately preceding such Event of Loss unless such Event of Loss occurred on a Stipulated Loss Value Date, in which case Stipulated Loss Value shall be computed as of such Stipulated Loss Value Date; and

(ii) Interest on (x) the amount of principal due and owing on the Notes as of the Stipulated Loss Value Date referred to in clause (i) above at the rate of 10% per annum (computed on the basis of a 360-day year consisting of twelve 30-day months), and (y) the excess of such Stipulated Loss Value over the amount described in subclause (x) of this clause (ii) at a rate equal to the Base Rate (computed on the basis of a 360-day year consisting of twelve 30-day months), such interest to be computed from and including the Stipulated Loss Value Date referred to in clause (i) above to but excluding the date such Stipulated Loss Value is paid in full;

it being understood that in the event the Lessee shall be required to pay, and shall pay, Stipulated Loss Value pursuant to Section 13(a), or liquidated damages pursuant to Sections 13(c) or 13(d) and any interest thereon, then, to the extent of such payment and giving proper effect to the timing of such payment, the Lessee's obligation to pay Stipulated Loss Value and interest thereon pursuant to this Section 10.1(a) shall be abated.

At such time as the Lessor, or (so long as Notes shall be outstanding) the Noteholders and the Lessor, shall have received the sum of the amounts specified in clauses (i) and

(ii) above, together with all other amounts then due and payable hereunder and under the Participation Agreement, (A) the obligation of the Lessee to pay Basic Rent or Renewal Rent hereunder with respect to the Equipment subject to the Event of Loss which would otherwise become due and payable after, but not on or before, the date of such Event of Loss, shall terminate, provided that if a Rent Payment Date shall occur after the date of such Event of Loss but prior to the date of such payment of the sum of the amounts specified in clauses (i) and (ii) above, the Lessee shall pay on such Rent Payment Date as an advance against payment of the amounts specified in clauses (i) and (ii) above an amount equal to the Basic Rent or Renewal Rent that would have been due on such Rent Payment Date if such Event of Loss had not occurred, (B) the Lease Term shall end as to the Equipment subject to such Event of Loss and (C) the Lessor shall Transfer to the Lessee or as the Lessee shall direct, subject to the rights of any insurer: (1) the items of Equipment which were subject to such Event of Loss; and (2) all claims, if any, arising from such Event of Loss against third parties for damage to or loss of the Equipment which was subject to such Event of Loss. Upon such Transfer, the Equipment which is subject to such Transfer shall cease to be an item of Equipment hereunder. The net proceeds of all such claims against third parties arising from such Event of Loss, if any, after payment of the Lessor's and Lessee's out-of-pocket costs and expenses shall be applied in the same manner as the proceeds of insurance are applied pursuant to Section 9.3(a).

(b) Upon the occurrence of an Event of Loss with respect to any item of Equipment (the "Destroyed Equipment"), if no Event of Default (or any event, other than an event described in Section 12(e), which would constitute an Event of Default but for lapse of time or the giving of notice or both) shall have occurred and be continuing, the Lessee may elect by written notice to the Lessor and (so long as Notes shall be outstanding) the Indenture Trustee given within 60 days after the date of such Event of Loss to substitute equipment for such Destroyed Equipment as provided in this Section 10.1(b) and Section 10.2, in which case the Lessee shall have no obligation to make any payment pursuant to Section 10.1(a) with respect to such Destroyed Equipment; provided, however, the Lessee shall not have the option to substitute equipment if such substitution would constitute a Disqualifying Event. If the Lessee shall so elect to substitute, it shall within 120 days after the date of such Event of Loss convey to the Lessor substitute equipment substantially similar to the Destroyed Equipment having a fair market sales value, residual value and estimated useful life at least equal to the fair market sales value, residual value and estimated useful life of, and being in as good operating condition as, the Destroyed Equipment immediately prior to the occurrence of such Event of Loss assuming that the Destroyed Equipment was at that time in the condition and repair required to be maintained hereunder.

Upon full compliance by the Lessee with the terms of Sections 10.1(b) and 10.2 and if no Default or Event of Default shall have occurred and be continuing, the Lessor shall Transfer to the Lessee or as the Lessee shall direct, subject to the rights of any insurer: (i) the Destroyed Equipment and (ii) all claims, if any, arising from such Event of Loss against third parties for damage to or loss of the Destroyed Equipment. Upon such Transfer, the Destroyed Equipment shall cease to be an item of Equipment hereunder.

10.2. Documents Required in Connection with Substitution. At the time of any substitution for any item of Equipment pursuant to Section 10.1(b), the Lessee will deliver at its own expense to the Lessor and (so long as Notes shall be outstanding) the Indenture Trustee the following and the following conditions precedent shall be satisfied:

(a) an Officer's Certificate stating (A) the model numbers of the replacement item of Equipment (the "Substitute Equipment") and the name of the manufacturer of the Substitute Equipment, (B) that the Substitute Equipment is in good operating condition and repair, is of a type substantially similar to the Destroyed Equipment and meets the applicable useful life and value requirements and the other requirements of Section 10.1(b), (C) that all conditions precedent provided for in Section 10.1(b) relating to such substitution have been complied with, (D) that there exists no Default or Event of Default other than a Default described in Section 12(e), (E) that the Lessor has valid and legal title to, and is the owner of, such Substitute Equipment free and clear of all Liens other than Permitted Liens, and (F) that all necessary approvals, authorizations, consents, licenses, certificates and orders have been obtained, and such approvals, authorizations, consents, licenses, certificates or orders are in full force and effect and constitute sufficient authorization therefor;

(b) a bill of sale in form and substance reasonably satisfactory to the Lessor, containing full warranties as to title (original executed copy for the Lessor only);

(c) a Lease Supplement and a Trust Indenture Supplement in form and substance reasonably satisfactory to the Lessor and the Indenture Trustee;

(d) with respect to Destroyed Equipment, a certificate of an independent expert satisfactory to the Lessor stating (A) the fair market sales value, residual value and estimated useful life of the Destroyed Equipment immediately preceding the occurrence of the Event of Loss assuming that the Destroyed Equipment at that time had been maintained in the condition and repair required by

this Lease and (B) the fair market sales value, residual value and estimated useful life of the Substitute Equipment;

(e) an opinion of counsel of the Lessee reasonably satisfactory to the Lessor (and, so long as any Notes are outstanding, the Indenture Trustee) with respect to such bill of sale, Lease Supplement and Trust Indenture Supplement and, if the Indenture is not then defeased, the Lien of the Indenture, such opinion in each case to be in form and substance reasonably satisfactory to the Lessor;

(f) a written report of an insurance broker confirming the maintenance of insurance with respect to the Substitute Equipment sufficient to comply with Article 9;

(g) an assignment to the Lessor of all assignable rights, warranties and representations with respect to the Substitute Equipment; and

(h) filings with respect to the Substitute Equipment of the type required by Section 8.1(b) of the Participation Agreement.

10.3. Application of Payments from Governmental Authorities for Requisition of Title. Any payments (other than insurance proceeds the application of which is provided for in Article 9) received at any time by the Lessor or the Lessee from any governmental authority or other Person with respect to an Event of Loss resulting from the condemnation, confiscation, theft, disappearance or seizure of, or requisition of title to or use of any item of Equipment shall be applied as follows:

(a) unless such items of Equipment are replaced pursuant to Section 10.1(b), so much of such payments as shall not exceed the amounts due under clauses (i) and (ii) of Section 10.1(a) shall be applied in reduction of the Lessee's obligation to pay such amounts, if not already paid by the Lessee, or, if already paid by the Lessee, shall be applied to reimburse the Lessee for its payment of such amounts, and the balance, if any, of such payment remaining thereafter will be paid over to or retained by the Lessor; provided that the Lessee shall be entitled to receive so much of such balance as the Lessee shall demonstrate to the Lessor's reasonable satisfaction is allocable to loss of the Lessee's interest hereunder in such items of Equipment; or

(b) if such items of Equipment are replaced pursuant to Section 10.1(b), such payments shall be paid over to or retained by the Lessee, provided that the Lessee shall have fully performed or, concurrently therewith will fully perform, the terms of Section 10.1(b).

10.4. Application of Payment During Existence of Event of Default. Any amount referred to in Section 10.3 which is payable to the Lessee shall not be paid to the Lessee, or, if it has previously been paid to the Lessee, shall not be retained by the Lessee, if at the time of such payment a Default or an Event of Default shall have occurred and be continuing. In such event all such amounts shall be paid to and held by the Lessor as security for the obligations of the Lessee to make payments under the Participation Agreement or to pay Rent hereunder or, at the Lessor's option, applied by the Lessor toward payment of any of such obligations of the Lessee at the time due hereunder or under the Participation Agreement as the Lessor may elect. At such time as there shall not be continuing any Event of Default or Default, all such amounts at the time held by the Lessor in excess of the amount, if any, which the Lessor shall have elected to apply as above provided shall be paid to the Lessee.

## ARTICLE 11

### ASSIGNMENTS

As provided in the Participation Agreement, the Lessor will assign, and create a security interest in, all of its rights hereunder as provided in the Indenture to, and for the benefit of, the Indenture Trustee. Except as contemplated by the Participation Agreement, the Indenture or the final sentence of Section 21.8, this Lease shall not be assignable in whole or in part by the Lessor to any Person other than the Indenture Trustee without the consent of the Lessee (which consent shall not be unreasonably withheld) and the Indenture Trustee; provided, that, in each case where this Lease is assigned, the transferee shall be domiciled in the United States and shall assume all of the obligations of Lessor under this Lease. 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 executed counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the Indenture Trustee on the signature page thereof.

## ARTICLE 12

### 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):

(a) any payment of Basic Rent, Renewal Rent or Stipulated Loss Value shall not be paid by the Lessee within 10 days after the same shall become due; or

(b) any other payment of Rent shall not be paid by the Lessee within 15 days after the same shall become due; or

(c) any indemnity payment to the Lessor, the Indenture Trustee or any Participant in accordance with Section 8.2 or 8.3 of the Participation Agreement shall not be paid by the Lessee when due and such nonpayment shall continue unremedied for a period of 30 days after written notice thereof by the Lessor or, so long as Notes shall be outstanding, the Indenture Trustee to the Lessee; or

(d) insurance on or with respect to the Equipment shall not be carried or maintained in compliance with the provisions of Article 9 or such insurance is cancelled for any reason whatsoever, or the Equipment shall be operated or located in any area or on any route or in any manner excluded from coverage by any insurance required by the terms of Article 9; or

(e) the Lessee shall fail to perform or observe any other covenant or agreement to be performed or observed by it hereunder (other than as set forth in Section 20.4(o)) or under the Participation Agreement or under any other Operative Document or agreement entered into by the Lessee in connection with the Overall Transaction and any such failure shall continue unremedied for a period of 30 days, provided, that if such failure can be remedied but not within such 30-day period and the Lessee is taking all such action as the Lessor and the Indenture Trustee deem appropriate and necessary to remedy such failure, such period shall be extended for such longer period as may be reasonably necessary up to an additional 90 days; or

(f) any representation or warranty made by the Lessee herein, in the Participation Agreement, in any other Operative Document or agreement entered into by it in connection with the Overall Transaction or in any document or certificate furnished by the Lessee pursuant to any such agreements, documents or certificates shall prove to be incorrect as of the date made in any material respect and, except for representations or warranties made as of any Delivery Date, the condition which made such representation or warranty incorrect if remediable shall continue unremedied for a period of 30 days after (i) written notice thereof by the Lessor or, so long as the

Indenture is in effect, the Indenture Trustee to the Lessee or (ii) the Lessee has Actual Knowledge thereof (regardless of whether and when the Lessee shall furnish the notice required by the first sentence of Section 14.2); or

(g) a receiver, liquidator or trustee for the Lessee or for all or substantially all of the properties or assets of the Lessee shall be appointed by court or governmental order and such order shall remain in effect for more than 60 days; or

(h) the Lessee shall file a petition in voluntary bankruptcy or the Lessee shall otherwise request protection under any provision of any bankruptcy or insolvency law (as now or hereafter in effect), or expressly consent to the filing of any petition against it under any such law, or make an assignment for the benefit of its creditors, or expressly consent to the appointment of a receiver, trustee or liquidator of it or of all or substantially all of its properties or assets; or

(i) a petition against the Lessee in a proceeding or case under any bankruptcy laws or other insolvency laws (as now or hereafter in effect) shall be filed and shall not be withdrawn or dismissed within 60 days thereafter, or, in case the approval of such petition by a court of competent jurisdiction is required, the petition as filed or amended shall be approved by such a court as properly filed and such approval shall not be withdrawn or the proceeding dismissed within 60 days thereafter, or a decree or order for relief in respect of the Lessee shall be entered by a court of competent jurisdiction in an involuntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other similar law, as now or hereafter constituted, and such decree or order shall remain in effect and unstayed for a period of 60 days, or if, under the provisions of any law providing for reorganization or winding-up of corporations which may apply to the Lessee, any court of competent jurisdiction shall assume jurisdiction, custody or control of the Lessee or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 60 days; or

(j) final judgment for the payment of money in excess of \$10,000,000 or final judgments which in the aggregate exceed \$25,000,000 shall be rendered against the Lessee and the same shall remain undischarged for a period of 90 days during which execution of such judgment shall not be effectively stayed; or

(k) if for any reason any material provision of this Lease Agreement or the Participation Agreement obligating the Lessee shall not be in full force and effect in accordance with its terms (subject to applicable bankruptcy, insolvency and similar laws affecting creditor's rights and general principles of equity relating to enforceability) or shall cease to be the lawful, valid and binding obligations of the Lessee.

For purposes of Section 12(e), a failure to perform or observe a covenant or agreement is capable of being remedied if, in the reasonable opinion of the Indenture Trustee, the condition that caused such failure can be removed or rectified, compliance with the covenant or agreement can be effected and any adverse consequences caused by such failure can be cured to the reasonable satisfaction of each Person entitled to enforce such covenant or agreement. For purposes of Section 12(f), an incorrect representation or warranty is capable of being remedied if the condition that made the representation of warranty incorrect can, in the reasonable opinion of the Indenture Trustee, be removed or rectified and the representation or warranty corrected.

## ARTICLE 13

### REMEDIES

Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor may, at its option, declare by notice to the Lessee this Lease Agreement to be in default, and at any time thereafter so long as all outstanding Events of Default shall not have been remedied the Lessor may, in addition to any other remedies provided herein, exercise any one or more of the following remedies with respect to any or all of the Equipment as the Lessor in its sole discretion shall elect (subject to the penultimate paragraph of this Article 13):

(a) The Lessor, by notice to the Lessee specifying a payment date not earlier than 10 days, and not more than 30 days, from the date of such notice, may require the Lessee to pay to the Lessor, and the Lessee hereby agrees that it will pay to the Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain, and not as a penalty, and in lieu of any further payments of Basic Rent and Renewal Rent hereunder, an amount equal to the sum of (i) all unpaid Basic Rent and Renewal Rent payable on each Rent Payment Date occurring on or before the payment date specified in such notice, plus (ii) an amount equal to the Stipulated Loss Value for any or all of the Equipment as the Lessor in its sole discretion shall elect calculated as of the Stipulated Loss Value Date immediately preceding the

payment date specified in such notice, unless such payment date occurs on a Stipulated Loss Value Date, in which case Stipulated Loss Value shall be computed as of such Stipulated Loss Value Date; and upon such payment of liquidated damages and all other amounts then due and payable by the Lessee hereunder or under the Participation Agreement, the Lessor shall Transfer such Equipment to the Lessee and the Lessor shall execute and deliver such documents evidencing such transfer as the Lessee shall reasonably request.

(b) Upon demand, the Lessor may cause the Lessee at the Lessee's expense to, and the Lessee hereby agrees that it will, promptly redeliver or cause to be redelivered, the Equipment to the Lessor with all reasonable dispatch and in the same manner and in the same condition as if the Equipment were being redelivered at the expiration of the Lease Term in accordance with all of the provisions of Section 2.2, and all the provisions of said Section shall apply to such redelivery; or the Lessor or its agent, at the Lessor's option, without further notice, may, but shall be under no obligation to, retake the Equipment wheresoever found and irrespective of whether the Lessee or any other Person may be in possession of the Equipment, all without prior demand and without legal process, and for that purpose the Lessor or its agent may enter any place where the Equipment may be and may take possession thereof, without the Lessor or its agent incurring any liability by reason of such retaking or otherwise.

(c) The Lessor or its agent may sell the Equipment at public or private sale, as the Lessor may determine, or otherwise may dispose of, hold, use, operate, lease (whether for a period greater or less than the balance of what would have been the Basic Term or the Renewal Term, as the case may be) to others or keep idle the Equipment, all on such terms and conditions and at such place or places as the Lessor may determine and all free and clear of any rights of the Lessee and of any claim of the Lessee, in equity, at law or by statute, whether for loss or damage or otherwise, and without any duty to account to the Lessee, provided, that (i) if the Lessor or its agent shall sell the Equipment, the Lessee's obligation to pay Basic Rent and Renewal Rent with respect to the Equipment for any period after the date of such sale shall terminate and the Equipment shall cease to be subject to this Lease from and after the date of such sale, and (ii) the Lessee's obligation to pay Basic Rent and Renewal Rent for any period after the Lessee shall have been deprived of possession of the Equipment pursuant to this Article 13 shall be reduced by the net proceeds, if any, received by the Lessor from leasing the Equipment to, or otherwise permitting its use by, any Person other than the Lessee for all or any portion of such period. In the event the

Lessor shall have sold the Equipment pursuant to this Section 13(c) (and prior thereto shall not have exercised its rights under Section 13(d)), the Lessor may demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor, as liquidated damages for the loss of a bargain and not as a penalty (in lieu of all Basic Rent and Renewal Rent due after the date on which such sale occurs or, if such sale occurs on a Rent Payment Date, in lieu of all Basic Rent and Renewal Rent due after such Rent Payment Date), any unpaid Basic Rent and Renewal Rent due on or before the date on which such sale occurs plus the amount of any difference between the net proceeds of such sale paid to the Lessor and the Stipulated Loss Value, computed as of the Stipulated Loss Value Date immediately preceding the date on which such sale occurs, unless such sale occurs on a Stipulated Loss Value Date, in which case Stipulated Loss Value shall be computed as of such Stipulated Loss Value Date, together with interest at the Overdue Interest Rate on the amount of such deficiency from the Rent Payment Date as of which Stipulated Loss Value is computed until the date of actual payment.

(d) Whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under Sections 13(b) or 13(c) (other than a sale under Section 13(c)), the Lessor may, at any time prior to the time that the Equipment shall have been sold by the Lessor pursuant to Section 13(c), by written notice to the Lessee requesting that the fair market sales value (as that term is defined in Section 2.4) of the Equipment be determined, demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor on the first Rent Payment Date occurring at least 10 days after the determination of such fair market sales value (herein called the "Designated Payment Date"), as liquidated damages for loss of a bargain and not as a penalty (in lieu of all payments of Basic Rent or Renewal Rent becoming due after the Designated Payment Date), any unpaid Basic Rent or Renewal Rent due on or before the Designated Payment Date plus an amount equal to the excess, if any, of the Stipulated Loss Value for the Equipment as of the Designated Payment Date over the fair market sales value of the Equipment (as defined in Section 2.4 and computed in accordance with Section 2.6 as of such date).

(e) The Lessor may rescind this Lease as to the Equipment, exercise any other right or remedy which may be available under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof.

In any and all events, the Lessee shall be liable for any

and all Supplemental Rent payable hereunder and all amounts payable by the Lessee under the Participation Agreement before, during or after the exercise of any of the foregoing remedies and also for all legal fees and any other costs and expenses whatsoever incurred by the Lessor, the Indenture Trustee or the Noteholders by reason of the occurrence of any Event of Default or by reason of the exercise by the Lessor, the Indenture Trustee or the Noteholders of any remedy hereunder in connection with any Event of Default including, without limitation, any costs and expenses incurred by the Lessor, the Indenture Trustee or the Noteholders in connection with any retaking of the Equipment or, upon the redelivery or retaking of the Equipment in accordance with this Article 13 and the placing of the Equipment in the condition required by and otherwise complying with the terms of Section 2.2.

No remedy referred to in this Article 13 is intended to be exclusive, but each shall be cumulative and is in addition to, and may be exercised concurrently with, any other remedy which is referred to in this Article 13 or which may otherwise be available to the Lessor at law or in equity. There shall be deducted from the aggregate amount recoverable by the Lessor pursuant to this Article 13 the net balance, if any, remaining of any monies held by the Lessor (or the Indenture Trustee) pursuant to Sections 9.5 and 10.4 which would have been required by the terms of this Lease to have been paid to the Lessee but for the occurrence of an Event of Default. No express or implied waiver by the Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any further or subsequent Event of Default.

At any public or private sale of an item of Equipment pursuant to this Article 13, the Lessor, the Lessee or any Participant may bid for and purchase such property. The Lessor agrees to give the Lessee at least 15 days' prior written notice of the date fixed for any public sale of an item of Equipment or of the date on or after which will occur any private sale or on or after which will occur the execution of any contract providing for any private sale and such sale shall be conducted in general so as to afford the Lessee and the Participants a reasonable opportunity to bid.

#### ARTICLE 14

##### INSPECTION; NOTICE OF DEFAULT; RECORDATION

14.1. Inspection. At all reasonable times during the continuation of this Lease, the Lessee shall furnish to the Lessor and (so long as Notes shall be outstanding) the Indenture Trustee and the Noteholders such additional information concerning the location, condition, use and operation of the Equipment as such Person may reasonably request. Additionally, the Lessee shall permit the authorized

representatives of the Lessor and (so long as Notes shall be outstanding) the Indenture Trustee and the Noteholders: (a) at such Person's expense, to visit and inspect any item of Equipment, its condition, use and operation and the inspection, maintenance, modification, overhaul and other records maintained in connection therewith; (b) at the Lessor's expense, to obtain copies of all such records as the Lessor, the Indenture Trustee or any Noteholder may reasonably specify; and (c) to discuss the finances and accounts of the Lessee, as the same may affect the performance by the Lessee of its obligations hereunder, with the financial officers and the independent accountants of the Lessee, provided that such visits, inspections and discussions do not unreasonably interfere with the operations of the Lessee and are done at such reasonable times as such Person may request, except that Lessee shall in any event make such Equipment and records available for inspection within five Business Days of the Lessor's request. Neither the Lessor, the Indenture Trustee nor the Participants shall have any duty to make any such inspection nor shall any of them incur any liability or obligation by reason of making or not making any such inspection.

14.2. Notice of Event of Default. Promptly after learning of the occurrence or existence of a Default or an Event of Default, the Lessee shall so notify the Lessor and (so long as Notes shall be outstanding) the Indenture Trustee and each Participant, which notice shall set forth in reasonable detail the circumstances surrounding such Event of Default or Default and shall specify what actions the Lessee intends to take to cure such Event of Default or such Default. The Lessee shall furnish the Lessor and (so long as Notes shall be outstanding) the Indenture Trustee within 60 days after the end of the sixth month of and the close of each fiscal year of the Lessee an Officer's Certificate stating that no Event of Default or Default has occurred during such six-month period and is continuing as of the date of such certificate, or if any such Event of Default or Default shall have occurred and be continuing, setting forth in reasonable detail the circumstances surrounding each such Event of Default or Default; provided that the failure of the Lessee to timely furnish such Officer's Certificate shall not constitute an Event of Default hereunder unless the Lessee shall fail to furnish such Certificate within 20 days after (i) the Lessee receives written notice of such failure from any Person or (ii) the Lessee has Actual Knowledge thereof.

14.3. Recordation. Forthwith upon the execution and delivery of a Lease Supplement and of a Trust Indenture Supplement, the Lessee will cooperate with the Lessor to cause such Supplements to be duly filed and recorded as directed by the Lessor and the Indenture Trustee and will also cooperate with the Lessor to cause this Lease Agreement and the Indenture to be duly filed and recorded as directed by the Lessor and the

Indenture Trustee, in each case as may be required by Applicable Law.

## ARTICLE 15

### NOTICES

All notices, requests, consents, approvals, elections, demands and other communications required under the terms and provisions hereof shall be in writing and shall become effective when delivered by hand or received by telex, telecopier, telegram or certified mail, return receipt requested, postage prepaid, addressed as follows: (i) if to the Lessor, at 777 Main Street, Hartford, CT 06115, Attention: Corporate Trust Administration, (ii) if to the Lessee, at Ten Park Plaza, Boston, MA 02116, Attention: Treasurer-Controller, (iii) if to the Indenture Trustee, at One Constitution Plaza, Hartford, CT 06115, Attention: Corporate Trust Department; Telex No. 99317, Answerback CONNBANK, (iv) if to any Participant, at its address set forth in or pursuant to the Participation Agreement, and (v) to any of the foregoing Persons at such other address as such Person may from time to time designate in writing to the other Persons.

## ARTICLE 16

### CONSTRUCTION AND GOVERNING LAWS

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to the Lessee any right, title or interest in any item of Equipment, except as a lessee only. 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. All references herein to numbered sections, exhibits and schedules, unless otherwise indicated, are to sections, exhibits or schedules, as the case may be, of or to this Lease.

This Lease has been delivered in the Commonwealth and shall be governed by, and construed in accordance with, the laws of the Commonwealth, including, without limitation, all matters of construction, validity and performance.

ARTICLE 17

LESSOR'S RIGHT TO TAKE EQUIPMENT

Without in any way limiting the obligations of the Lessee hereunder, the Lessee hereby irrevocably appoints the Lessor as its agent and attorney, with full power and authority at the time at which the Lessee is obligated to deliver possession of any item of Equipment to the Lessor, to demand and take possession of such item of Equipment in the name and on behalf of the Lessee from whosoever shall be at the time in possession thereof.

ARTICLE 18

COVENANT OF QUIET ENJOYMENT

So long as no Event of Default shall have occurred and be continuing, the Lessor covenants that it will not interfere with the peaceful and quiet occupation and enjoyment of each item of Equipment by the Lessee.

ARTICLE 19

LESSOR LIENS

The Lessor agrees that it will not directly or indirectly create, incur, assume or suffer to exist any Lessor Lien on or with respect to any item of Equipment.

ARTICLE 20

TAX MATTERS

20.1. Definitions.

Capitalized terms used in this Article 20 without specific definition herein shall have the meaning set forth or referred to in Article 1.

20.2. Federal Tax Agreement.

(a) Owner of Equipment. Each of the Lessee, the Owner and the Owner Participant hereby agrees that the beneficiary of the Owner Trust is the owner of the Equipment for Federal income tax purposes and that the Owner Participant, as beneficiary of the Owner Trust, is entitled to take into account such credits, deductions and other benefits with respect to the Equipment as are provided by the Code and the Regulations to an owner of property.

(b) Tax Characterization Agreement and Election.

Pursuant to the provisions of Regulations Sections 5c.168(f)(8)-2(a)(2) and 5c.168(f)(8)-6(b)(3) (relating to qualified mass commuting vehicles), all of the parties to this Lease and the Owner Participant hereby (i) agree to characterize, and hereby characterize, this Lease, and each lease of property hereunder made by a Lease Supplement, as a lease for purposes of Federal tax law, and under which the Owner Participant is, for Federal tax purposes, the party which will be treated as the lessor and owner and the Lessee is the party which will be treated as the lessee; and (ii) elect that the safe harbor lease provisions of Code Section 168(f)(8) shall apply to this Lease and to each lease of property made by a Lease Supplement. Without limitation of the foregoing, each of the parties hereto and the Owner Participant intends (but each does not by this statement of intention represent or warrant) that this Lease and each lease of property hereunder, without regard to and without any benefit of the foregoing tax characterization agreement and election, shall be characterized as assumed in, and shall have certain tax effects as assumed in, the statement of Tax Assumptions in Section 20.3.

(c) Tax Information and Filings. The Owner, the Owner Participant and the Lessee each agree (i) to execute and deliver or file, from time to time, with their respective Federal income tax returns and reports, or as otherwise may be required by the Regulations or otherwise, all necessary information returns and all other necessary statements of election, information statements, other documents and consents, including, without limitation, the statement required under Regulations Section 1.168(f)(8)-1T to be filed with respect to the item or items of Equipment covered by a Lease Supplement with the Owner's and the Lessee's Federal income tax returns for their taxable years in which a Lease Supplement is executed, and (ii) to execute and deliver or file all such other or further documents and papers of election, consent or information as either party may from time to time reasonably consider necessary or desirable for the purpose of making, implementing, evidencing and maintaining in full force and effect, with respect to all Equipment and all transactions contemplated by this Agreement, the agreement and election set forth in Section 20.2(b).

(d) Consistency. The Lessee represents, warrants and agrees that neither it, nor any corporation or other entity or body whether public or private, nor governmental unit, that is controlled by it, will directly or indirectly at any time take any action or file any Federal, state or local income or other tax return or report that may now or in the future be required to be made or filed in the United States that is inconsistent with the Owner Participant being, for Federal, state and local income tax and all other purposes, the owner of the Equipment and each item or Part thereof. The Lessee represents that no

corporation or other entity or body whether public or private, and no governmental unit, that is in control of it or under common control with it will directly or indirectly at any time take any action or file any Federal, state or local income tax or other return or report that may now or in the future be required to be made or filed in the United States that is inconsistent with the Owner Participant being, for Federal, state and local income tax and all other purposes, the owner of the Equipment and each item or Part thereof. The Lessee covenants that it will cooperate with the Owner and/or the Owner Participant to take such actions and execute such documents as may be necessary and reasonably required by the Owner and/or the Owner Participant to establish and protect the Owner Participant's entitlement to any tax benefits described or contemplated in this Article 20.

20.3. Tax Assumptions. For purposes of this Article 20, the following assumptions ("Tax Assumptions") are made:

(a) The Lease Term (including the Renewal Term) of each item of Equipment will not exceed the maximum period set forth in Code Section 168(f)(8)(B)(iii) (as in effect prior to the amendment to such Section by P.L. 97-248), and in Regulations Section 5c.168(f)(8)-5(b).

(b) The Notes will in effect constitute indebtedness of the Owner Participant for Federal income tax purposes, and the Owner Participant shall (provided it is an accrual basis taxpayer) be entitled, for Federal income tax purposes, to interest deductions in each taxable year or period equal to the amounts of interest accruing on the Notes in each taxable year or period in accordance with the terms thereof (the "Interest Deductions").

(c) The portions of Lessor's Purchase Price which the Owner Participant shall be entitled to deduct for Federal income tax purposes, under Section 168(a) of the Code, will not directly or indirectly constitute items of tax preference for purposes of the imposition on the Owner Participant of the alternative minimum tax or any other tax on tax preference items under the Code.

(d) The Owner Participant shall be entitled, for Federal income tax purposes, to take amortization deductions for all Transaction Costs incurred or paid by the Owner Participant at a rate no less rapid than on a straight-line basis over the Lease Term (excluding the Renewal Term) (the "Amortization Deductions").

(e) All amounts includable in the gross income of the Owner Participant with respect to the Equipment and all deductions and credits allowable to the Owner Participant with respect to the Equipment will be treated as derived from, or allocable to, sources within the United States.

(f) The Owner Participant will recognize no income as a consequence of the transactions described in or effected under the Operative Documents other than as the result of the receipt (actual or constructive) of: (i) Basic Rent and Renewal Rent payable by the Lessee in respect of the Equipment in the respective years to which such rent is allocated pursuant to the Lease; (ii) amounts constituting income recognized upon the Owner Participant's receipt or accrual, with respect to the Equipment, of a Stipulated Loss Value payment or a fair market value payment, and any interest paid in connection with such payments, as provided in Article 10; (iii) any amount not described in clause (i) or (ii) that is payable by the Lessee to the Owner Participant if such amount is calculated so as to include indemnification for taxes payable by the Owner Participant by reason of the receipt or accrual of such amount; (iv) interest on any late payments by the Lessee; (v) any payments of Rent that had not been paid when due, provided interest on late payments is paid by the Lessee in connection therewith; (vi) any proceeds realized from the sale or other disposition of any item of Equipment to the extent such proceeds exceed the then applicable Stipulated Loss Value of such item of Equipment; (vii) any gain realized upon sale pursuant to the Lessee's purchase option; and (viii) amounts of gross income offset in the same taxable year by related deductions other than depreciation, interest or amortization.

(g) The Owner Participant is an accrual-basis, calendar-year taxpayer subject to taxation at the Federal income tax rate of (i) 40% for 1987, and (ii) 34% for 1988 and all subsequent years.

20.4. Tax Representations. The Lessee represents and warrants to the Owner and to the Owner Participant that:

(a) Each item of Equipment shall, for Federal income tax purposes, qualify as "recovery property" within the meaning of Section 168(c)(1) of the Code and "5-year property" within the meaning of Section 168(c)(2)(B) of the Code.

(b) With respect to each item of Equipment, the Original Owner Participant shall be entitled to deduct for Federal income tax purposes, under Section 168(a) of the Code, an amount equal to 15% of Lessor's Purchase Price during the Original Owner Participant's taxable year which includes the Delivery Date of the item of Equipment, 22% of Lessor's Purchase Price during the first subsequent taxable year of the Original Owner Participant, and 21% of Lessor's Purchase Price during each of the second, third and fourth subsequent taxable years of the Original Owner Participant (the "Cost Recovery Deductions").

(c) Each item of Equipment on its Delivery Date is, and throughout the Lease Term (including the Renewal Term) shall

be, (i) a qualified mass commuting vehicle (within the meaning of Code Section 103(b)(9)), or a part or component thereof, which is (within the meaning of Code Section 168(f)(8)(D)(v) (as referred to in Section 208(d)(5) of P.L. 97-248) and Regulations Section 5c.168(f)(8)-6(a)(1)(ii)) financed in whole or in part by proceeds from an issue of obligations the interest on which, in the opinion of independent bond counsel selected by the Lessee and satisfactory to the Owner Participant, is excludable from income under Code Section 103(a), and also is, and shall be throughout the Lease Term (including the Renewal Term), "qualified leased property" for purposes of Code Section 168(f)(8)(D)(v) (as referred to in Section 208(d)(5) of P.L. 97-248) and Regulations Section 5c.168(f)(8)-6(b)(3); and (ii) a qualified mass commuting vehicle, or a part or component thereof, which is financed in whole or in part by obligations the interest on which, in the opinion of independent bond counsel selected by the Lessee and satisfactory to the Owner Participant, is excludable from gross income under Code Section 103(a) within the meanings, respectively, of Section 31(g)(5) of P.L. 98-369 and Code Section 168(f)(8)(D)(v) (as referred to in Section 208(d)(5) of P.L. 97-248).

(d) No item of Equipment has been, prior to its Delivery Date, leased by the Lessee under a safe harbor lease under Code Section 168(f)(8), and the Lessee has not entered into, and will not enter into, a safe harbor lease under Code Section 168(f)(8) with respect to the Equipment or any Part or item thereof, with any Person or person other than the Owner.

(e) None of the Lessor, the Lessee or the Owner Participant has financed, and no such Person shall during the Lease Term (including the Renewal Term) finance (within the meaning of Regulations Section 5c.168(f)(8)-6(b)(3)(iii)), any item of Equipment, or the cost thereof, out of any Urban Mass Transportation Administration (UMTA) grant, any Federal-Aid Highway Act (FAHA) grant or any other Federal grant.

(f) Assuming solely for purposes of this representation, that the Lessee is and will throughout the Lease Term (including the Renewal Term) be a "taxable entity" within the meaning of Regulations Section 5c.168(f)(8)-6(b)(3)(v)(C), it is represented that on each respective Delivery Date and throughout the Lease Term (including the Renewal Term) each item of Equipment would qualify as, be and remain "section 38 property".

(g) Neither the Lessee, nor any transferee of the Lessee's interest, shall during the Lease Term (including the Renewal Term), within the meaning of Regulations Section 5c.168(f)(8)-2(a)(5), sell or assign any interest in any Equipment or the lease thereof to any person whatsoever unless the Lessee shall have obtained and furnished to the Owner (i) within 60 days following the transfer, the transferee's written

consent to take the property subject to the lease and (ii) the transferee's binding written agreement to file a statement with its tax return as specified in Regulations Section 5c.168(f)(8)-2(a)(5) and to take or refrain from taking any other action to avoid the occurrence of a Disqualifying Event; the Lessee represents that such a transferee shall timely file such a statement with its Federal income tax return in compliance with Regulations Section 5c.168(f)(8)-2(a)(5); and the Lessee shall remain primarily liable for the payment of any amounts payable to the Owner Participant under the provisions of this Article 20 resulting from the failure of the transferee to take or to refrain from taking any action to avoid the occurrence of a Disqualifying Event.

(h) The Lessee shall not, during the Lease Term (including any Renewal Term), make or suffer any sale or assignment of the Lessee's interest in any item of Equipment or the lease thereof hereunder in a bankruptcy, liquidation, receivership, a court-supervised foreclosure or any similar proceeding for the relief or protection of insolvent debtors in Federal or state court, within the meaning of Regulations Section 5c.168(f)(8)-2(a)(6).

(i) On each Delivery Date and at all times during the Lease Term (including any Renewal Term): (i) the Lessee shall be a governmental unit within the meaning of Code Section 103(b)(9); (ii) the Lessee itself, or in conjunction with other such governmental units described in Code Section 103(b)(9), will hold the entire ownership of the Lessee's mass transit system or a successor mass transit system satisfying the requirements of Code Section 103(b)(9); and (iii) each item of Equipment shall be leased to the Lessee hereunder for use in such mass transit system, such a successor mass transit system or other mass transit system satisfying the requirements of Code Section 103(b)(9).

(j) The Lessee and any Person related to the Lessee shall not in any manner (i) acquire or purchase, or enter into any agreement or arrangement contemplating the acquisition, purchase or guarantee by the Lessee or any Person related to the Lessee, of the Notes or any portion thereof or any interest therein, or (ii) make or enter into any similar transaction or arrangement with respect to the Notes or any portion thereof or any interest therein.

(k) Upon the transfer and conveyance of title to and ownership of each item of Equipment to the Owner on each respective Delivery Date, no item of Equipment will require any improvements, modifications or additions (other than ancillary items of removable equipment of a kind customarily selected and furnished by purchasers or lessees of similar vehicles) in order to be rendered complete for its intended use by the Lessee.

(1) (i) No loss, damage or destruction, (ii) no theft, detention, or prevention of use by any Person and (iii) no condemnation, seizure, confiscation, detention, requisition of title or use, or taking, or prohibition on use that results from any rule, regulation, order or other action by any governmental body (including any court) having jurisdiction, with respect to any item of Equipment (excepting, in each of clauses (i), (ii) and (iii) above, such as constitute (A) an Event of Loss resulting in payment of Stipulated Loss Value or (B) any act or the result of any act of an Indemnified Person other than an act in the exercise of any right or remedy provided in any provision of the Operative Documents) will result in the loss, recapture or deferral of any of the tax benefits to the Owner Participant contemplated by the Tax Assumptions.

(m) For Federal income tax purposes, each item of Equipment will be placed in service in calendar year 1987.

(n) The Lessee will neither act, fail to act, nor commit an error or omission inconsistent with the tax representations and warranties set forth in Section 20.4(a) through Section 20.4(m).

(o) Unless required to do so pursuant to the terms and provisions of the Operative Documents (other than this Section 20.4(o)), the Lessee will neither act, fail to act, nor commit an error or omission inconsistent with the Tax Assumptions set forth in Section 20.3; provided, however, that the Lessee does not hereby represent or warrant the Tax Assumptions set forth in Section 20.3.

#### 20.5. Income Tax Indemnification.

20.5.1 Tax Loss. The following events are referred to herein as a "Tax Loss":

(a) The Owner Participant for Federal income tax purposes (i) shall lose the right to claim, shall not claim as the result of its good faith determination that such claim is not properly allowable, or shall suffer a disallowance or deferral of, or shall be required to recapture all or any portion of the Cost Recovery Deductions, the Interest Deductions or the Amortization Deductions, or (ii) shall incur, or suffer acceleration of, any amount of gross income not anticipated in amount or timing under the Tax Assumptions, in the case of either clause (i) or (ii) above, as a result of:

(I) any representation or warranty of the Lessee pursuant to Section 20.4 proving to be inaccurate when made, or the occurrence or existence of any breach of or noncompliance with any continuing representation or warranty of the Lessee made in Section 20.4;

(II) an Event of Default occurring under the Lease;

(III) any act or omission of the Lessee, any affiliate or Person related to the Lessee, any sublessee or assignee of the Lessee, or any other user of the Equipment, or any Person whatsoever having possession or control (whether or not such possession or control may be authorized or unauthorized, or lawful or unlawful) of any Equipment, or item or Part thereof, during the Lease Term (including the Renewal Term) or at any time prior to the return of the Equipment to the Owner pursuant to Section 2.2, or, without limitation of the foregoing, any of the foregoing persons or entities (x) taking any action, or operating any Equipment or suffering any Equipment to be operated so that it is deemed to be used predominately outside the United States within the meaning of Section 168(f)(2) of the Code or so that it would otherwise not be or cease to be "section 38 property" if used by a taxable entity, (y) failing to take any action required under this Agreement, the Participation Agreement or any other Operative Document or (z) failing to take such other reasonable action as is requested in writing from time to time by the Owner Participant; provided, however, that the foregoing provisions of this clause (III) shall not apply to any act or omission of any Indemnified Person other than in the exercise of any right or remedy provided in any provision of the Operative Documents;

(IV) The existence on or as of any Delivery Date of a Nonqualification Condition (other than solely as a result of any failure of compliance by the Owner or the Owner Participant with any provision of Regulations Section 5c.168(f)(8) that is applicable to a lessor);

(V) The occurrence of a Disqualifying Event (other than solely as a result of any failure of compliance by the Owner or the Owner Participant with any provision of Regulations Section 5c.168(f)(8) that is applicable to a lessor), and in such event clauses (i) and (ii) of this Section 20.5.1(a) shall apply provided (A) the words "retroactively or subsequently" shall be deemed to have been inserted before the word "shall" each time such word appears in such clauses (i) and (ii), and (B) the phrase "or retroactively or subsequently shall realize gain or loss as a result of a deemed sale or transfer of the Equipment, or any item or Part thereof, to the Lessee" shall be deemed to have been inserted after the words "Tax Assumptions" in clause (ii).

(b) Any refund, credit or warranty payment or settlement by the Manufacturer, or any contractor, subcontractor, supplier, vendor or other person to the Lessee or any affiliate or related person or entity of the Lessee with respect to any Equipment or any item or Part thereof, or any cost, price or value thereof, shall result in an increase in the Owner Participant's gross income for Federal income tax purposes.

(c) The Owner Participant, for Federal income tax purposes, shall be required to include in its gross income for any taxable year or period prior to or after the expiration of the Lease Term (including the Renewal Term) any amount attributable to Additions to, or any alteration, addition, improvement, modification, replacement or substitution of, any item of Equipment.

#### 20.5.2. Indemnity Amounts.

(a) If a Tax Loss shall occur, the Owner Participant shall give written notice thereof to the Lessee, describing in reasonable detail the amount of the Tax Loss and the computations of the amount or amounts payable by the Lessee to the Owner Participant pursuant to the provisions of this Section 20.5.2 and stating whether the Owner Participant has elected to proceed under Section 20.5.2(b) or Section 20.5.2(c) subject, however, to the provisions of Section 20.5.2(d). If the Owner Participant elects to proceed under Section 20.5.2(c), it shall in such notice state the lump sum amount required to be paid by the Lessee; and if the Owner Participant elects to proceed under Section 20.5.2(b), the Lessee may elect to proceed under Section 20.5.2(c), and the Owner Participant shall in such notice state the amounts and dates of the payments required by the Lessee under Section 20.5.2(b) and the lump sum amount that will then be required if the Lessee elects to proceed under Section 20.5.2(c).

(b) If the provisions of this Section 20.5.2(b) apply, the Lessee shall pay to the Owner Participant an indemnity in a series of approximately equal amounts payable on each Rent Payment Date during the remaining Basic Term (such payments to be an adjustment of Basic Rent), beginning on the Rent Payment Date next following the expiration of the 60-day period beginning on (i) the date of the written notice given by the Owner Participant pursuant to Section 20.5.2(a) or, if later, (ii) the Tax Loss Date described in Section 20.5.4(b) (or such longer period as may be agreed in writing between the Owner Participant and the Lessee). The amounts of such payments shall be computed by the Owner Participant following the provisions of Section 20.5.4, making such reasonable determinations and estimates as to the future deductibility of all or any portion of the Cost Recovery Deductions, the Interest Deductions and the Amortization Deductions as the Owner Participant shall in good faith determine, making such computations in such manner as shall, when paid on a before-tax

basis (as opposed to an After-tax Basis), in all events preserve and neither exceed nor diminish the Owner Participant's Net Economic Return, and, if the 60-day period has been extended by agreement or otherwise, shall reflect interest on each amount or amounts which would otherwise have been payable during the extension period pursuant to the provisions of this Section 20.5.2(b), computed at the Overdue Interest Rate from the 60th day to the date when payments under this Section 20.5.2(b) begin. In the event that any estimate of the future deductibility of all or any portion of the Cost Recovery Deductions, the Interest Deductions and the Amortization Deductions involved in the Owner Participant's determination of the amounts of the series of payments shall prove to have been incorrect, or in the event that the Owner Participant shall be allowed the benefit of, or shall obtain a refund with respect to, all or any portion of any of the Cost Recovery Deductions, the Interest Deductions and the Amortization Deductions, the loss of the benefit of which previously resulted in payments under this Section 20.5.2(b) (which refund and any interest thereon shall be taken into account in the redetermination described below, giving credit to the Lessee for the amount of such refund and interest), the Owner Participant shall redetermine the amounts of the remaining payments and make any necessary upward or downward adjustment therein (and, if the remaining payments are insufficient to reflect the entire portion of any downward adjustment, the Owner Participant shall pay the shortfall to the Lessee in a lump sum with the final payment of redetermined amounts due under the provisions of this Section 20.5.2(b)), to the end that the Owner Participant's Net Economic Return shall be preserved and neither exceeded nor diminished, and shall furnish to the Lessee written notice specifying the amount or amounts and date or dates of payment (such payment(s) to be an adjustment of Basic Rent) of the redetermined amounts. A redetermination can be made more than once pursuant to the provisions of this Section 20.5.2(b), and if any redetermination would cause each payment of Basic Rent to fall below the minimum amount payable under Section 8.2, the Lessee shall continue to pay Basic Rent in such minimum amount and that portion of the necessary adjustment to Basic Rent which would cause such shortfall under Section 8.2 shall be paid by the Owner Participant to the Lessee on each Rent Payment Date. Should the Lessee or the Owner Participant fail to pay any indemnity amount when due under the provisions of this Section 20.5.2(b), interest shall be payable in accordance with the terms of Section 8.3 dealing with interest on any part of any installment of Basic Rent not paid when due.

(c) If the provisions of this Section 20.5.2(c) apply, the Lessee shall pay to the Owner Participant a lump sum amount (which shall be deemed to be an adjustment of Basic Rent) on or before the expiration of the 60-day period beginning on (i) the date of the written notice given by the Owner Participant pursuant to Section 20.5.2(a) or, if later, (ii) the Tax Loss

Date described in Section 20.5.4(b) (or such longer period as may be agreed in writing between the Owner Participant and the Lessee); and if the 60-day period has been extended by such agreement or otherwise, the Lessee shall pay interest on the lump sum amount at the Overdue Interest Rate from the 60th day to the date of payment. The lump sum amount shall be computed by the Owner Participant following the provisions of Section 20.5.4, making such reasonable determinations and estimates as to the future deductibility of all or any portion of the Cost Recovery Deductions, the Interest Deductions and the Amortization Deductions as the Owner Participant shall in good faith determine, making such computations in such manner as shall, when paid on an After-Tax Basis (taking into account the income tax rates then applicable to the Owner Participant), in all events preserve and neither exceed nor diminish the Owner Participant's Net Economic Return. In the event that any estimate of the future deductibility of all or any portion of the Cost Recovery Deductions, the Interest Deductions and the Amortization Deductions involved in the Owner Participant's determination of the lump sum amount shall prove to have been incorrect, or in the event that the Owner Participant shall be allowed the benefit of, or shall obtain a refund with respect to, all or any portion of any of the Cost Recovery Deductions, the Interest Deductions and the Amortization Deductions, the loss of the benefit of which previously resulted in the payment of a lump sum amount under this Section 20.5.2(c) (which refund and any interest thereon shall be taken into account in the redetermination described below, giving credit to the Lessee for the amount of such refund and interest), the Owner Participant shall redetermine the lump sum amount which would have been required under the provisions of this Section 20.5.2(c) had the correct estimates or factors been used or had the basis on which the benefit or refund was determined been used (the "Redetermined Amount") and shall compare it with the lump sum amount last computed under the provisions of this Section 20.5.2(c) (the "Former Amount"); and the Owner Participant shall pay to the Lessee in a lump sum an amount which is equal to the amount by which the Former Amount exceeds the Redetermined Amount, or the Lessee shall pay to the Owner Participant the amount by which the Redetermined Amount exceeds the Former Amount, as the case may be, plus, in either case, interest on the amount due, computed from the unextended due date of the first lump sum payment made pursuant to the provisions of this Section 20.5.2(c) through the date of the new lump sum payment at the interest rate on the Notes, compounded semi-annually. A redetermination can be made more than once pursuant to the provisions of this Section 20.5.2(c).

(d) Notwithstanding the provisions of Section 20.5.2(b) and Section 20.5.2(c), the amount of the indemnity shall not exceed the applicable amount or amounts determined pursuant to the provisions of this Section 20.5.2(d) if the sole reason for a Tax Loss is the failure of the lease of the Equipment to qualify under Code Section 168(f)(8) solely on account of the

failure to satisfy the requirements of Regulations Section 5c.168(f)(8)-6(b)(3)(i)(A) or, if applicable, Regulations Section 5c.168(f)(8)-7(b)(1) solely as a result of the form of the transaction being other than (x) acquisition of ownership of the Equipment by the Lessee by payment of the purchase price of each item of Equipment in full directly to the Manufacturer on the Delivery Date of the item of Equipment, followed by (y) sale of the Equipment by the Lessee to the Owner without any purchase money financing being provided by the Lessee to the Owner or the Owner Participant, followed by (z) lease of the Equipment by the Owner back to the Lessee (the "Structural Item").

If the provisions of Section 20.5.2(c) and of this Section 20.5.2(d) apply, the Lessee shall pay to the Owner Participant the sum of (i) the excess of the amount of the rental payments that would have previously been payable by the Lessee if the rental percentage rates were as specified in Schedule 1.A over the amount of rental payments actually made by the Lessee, (ii) with respect to each such rental payment, interest at the interest rate on the Notes (compounded semi-annually from the respective rental payment dates to the date of payment of the sum) on the excess of the amount of the rental payment that would have been payable by the Lessee on the rental payment date if the rental percentage rates were as specified in Schedule 1.A over the amount of the rental payment actually made by the Lessee, (iii) an amount which, when paid on an After-Tax Basis, equals the amount of any interest, penalties or additions to tax (including any additions to tax because of any underpayment of estimated taxes) payable by the Owner Participant in respect of such Tax Loss, and (iv) the present value of the excess of the amount of the future rental payments that would be payable by the Lessee if the rental percentage rates were as specified in Schedule 1.A over the amount of the future rental payments required hereunder. The present value amount referred to in clause (iv) of this Section 20.5.2(d) shall be calculated on the basis of a discount rate equal to the interest rate on the Notes, compounded semi-annually, and shall take into account the period of time between the date of payment of such amount and each of the future rental payment dates. Should a redetermination of the lump sum amount be required under the provisions of Section 20.5.2(c), in no event shall the Redetermined Amount or the Former Amount exceed the lump sum amount computed under the provisions of this Section 20.5.2(d).

If the provisions of Section 20.5.2(b) and of this Section 20.5.2(d) apply, the Lessee shall pay to the Owner Participant in a lump sum the amounts referred to in clauses (i) through (iii) of this Section 20.5.2(d) and, with respect to the portion of the Basic Term remaining after payment by the Lessee of such amounts, the future rental payments payable by the Lessee shall be in amounts based on the rental percentage rates specified in Schedule 1.A. In determining whether or not the

provisions of this Section 20.5.2(d) limit the amounts payable under Section 20.5.2(b), the sum of the amounts referred to in clauses (i) through (iii) of this Section 20.5.2(d) shall be prorated over the future rental payments due under this paragraph of Section 20.5.2(d) on a level amortization basis, including interest at the interest rate on the Notes, compounded semi-annually, and should a redetermination of the amount of the remaining payments be required under Section 20.5.2(b), the future indemnity amounts shall be determined so that in no event shall the Lessee be required to pay an indemnity greater than that redetermined under Section 20.5.2(b).

20.5.3. Exclusions. Notwithstanding anything to the contrary in the Operative Documents, no amount shall be payable to the Owner Participant as an indemnity hereunder in respect of any Tax Loss to the extent that such Tax Loss occurs:

(a) Solely as a result of an event which requires the Lessee to pay an amount equal to or in excess of Stipulated Loss Value (provided that such payment is made);

(b) As a result of a failure by the Owner Participant to timely or properly claim the Cost Recovery Deductions, the Interest Deductions or the Amortization Deductions on its tax returns, unless the Owner Participant determines in good faith that such deductions are not properly allowable;

(c) As a result of the failure of the Owner Participant to have sufficient income in a particular taxable year to benefit from the Cost Recovery Deductions, the Interest Deductions or the Amortization Deductions in such year, provided, however, that such failure shall not preclude an indemnity with respect to such deductions in preceding or succeeding taxable years in which the Owner Participant has sufficient income;

(d) Solely as a result of Section 467 of the Code or Regulations thereunder;

(e) As a result of a transfer or other disposition by the Owner or the Owner Participant of any item of Equipment or interest therein during or at the end of the Basic Term or Renewal Term or any payment to the Owner Participant in connection therewith, provided, however, that no Event of Default shall have occurred and be continuing; or as a result of the failure of the lease of the Equipment or any item thereof in the hands of any Owner Participant other than the Original Owner Participant to qualify under Code Section 168(f)(8) by reason of the transfer or other disposition in a taxable transaction of (i) the Lease or any interest therein, or (ii) any item of Equipment or interest therein.

(f) Solely as a result of this Lease being characterized as not a "true lease" for Federal tax purpose;

(g) Solely as a result of any failure of the Owner or of the Owner Participant, or their respective successors or assigns, to meet the requirements of Code Section 168(f)(8)(B)(i) or (ii) or of Regulations Section 5c.168(f)(8)-2(a);

(h) Solely as a result of any additional or accelerated inclusion in income of the Owner Participant of amounts attributable to any recalculation of the Owner Participant's income pursuant to Regulations Section 5c.168(f)(8)-7;

(i) With respect to each item of Equipment, solely as a result of any amendment to, or change in, the Code, the Regulations, the laws of any state or local taxing authority, or the administrative or judicial interpretation of the Code, the Regulations, or laws of any state or local taxing authority, which amendment or change is enacted or adopted after the Delivery Date of the item of Equipment;

(j) Solely as a result of the Owner Participant's inability to reduce its tax liability currently by reason of the provisions of Code Section 168(i)(1) (added by P.L. 97-248); or

(k) Solely as a result of the alternative minimum tax or any other tax on tax preference items under the Code.

#### 20.5.4. Computations.

(a) All calculations of amounts required to be paid pursuant to this Article 20 shall be made utilizing the Tax Assumptions, the same assumptions and methods of computation originally employed by the Owner Participant in evaluating the transaction (including those employed in the original calculations of Stipulated Loss Value and Basic Rent), the use of which the Owner Participant shall certify in writing to the Lessee, and the further assumptions that (1) the Owner Participant would have been able to utilize the Cost Recovery Deductions, the Interest Deductions and the Amortization Deductions, which were the subject of a Tax Loss, if such Tax Loss had not occurred, (2) items of deduction and credit shall be deemed utilized regardless of actual utilization of such items, and (3) the Owner Participant's Net Economic Return shall be preserved notwithstanding the occurrence of the Tax Loss or Tax Losses for which the Owner Participant is indemnified hereunder.

(b) For purposes of Section 20.5.2, the term "Tax Loss Date" shall mean the latest of (i) the date of payment of any additional Federal income tax, interest, penalties or additions to tax that become due as the result of the Tax Loss (or the statutory due date for filing of a return reflecting the Tax Loss but not requiring a payment due to deductions, credits,

losses or other tax benefits unrelated to this transaction); and (ii) in the case of amounts which are being contested in accordance with Section 20.5.6, the termination of such contest, except as otherwise provided in Section 20.5.6. If the Lessee, prior to or after the expiration of the initial 60-day period described in Section 20.5.2(b) or Section 20.5.2(c), as the case may be, requests a determination pursuant to the provisions of Section 20.5.4(c), such 60-day period shall be deemed to have been extended by agreement until the final determination made by an accounting firm under the provisions of Section 20.5.4(c) is received by the Lessee.

(c) All computations required to be made under this Article 20 shall be made reasonably by the Owner Participant, and the results of such computations, together with a statement describing in reasonable detail the manner in which such computations were made, shall be delivered to the Lessee in writing. Within 30 days following the Lessee's receipt of such computation, the Lessee may at its option request the accounting firm that regularly prepares the Owner Participant's certified financial statements to determine whether such computations of the Owner Participant are mathematically accurate and made as required pursuant to the applicable provisions contained or referred to in Section 20.5.2. Such accounting firm shall be requested to make its determination within 30 days. If such accounting firm shall determine that such computations are inaccurate or not so made, then such firm shall determine what it believes to be the appropriate computations. If the Lessee does not agree with such firm's determination or if the Lessee prefers to have the appropriate calculations determined by an accounting firm which is not regularly engaged by the Owner Participant or the Lessee, then such an independent accounting firm, to be selected jointly by the Owner Participant and the Lessee (or, if they cannot agree, to be selected by the American Arbitration Association) from among the ten largest accounting firms in the United States, shall determine the appropriate computations. Such accounting firm shall be requested to make its determination within 30 days. The computations of such independent accounting firm selected as provided above shall be final, binding and conclusive upon the Owner Participant and the Lessee. If any disparity exists between the calculations of the Owner Participant and those determined by its accounting firm or such independent accounting firm, as the case may be, appropriate adjustments and/or reimbursements (or credits) will be made either in favor of the Lessee or the Owner Participant, as the case may be, except as otherwise provided below in this Section 20.5.4(c). The Lessee shall have no right to inspect the books, records, tax returns or other documents of or relating to the Owner Participant to verify such computations or for any other purpose. All fees and expenses payable under this Section 20.5.4(c) shall be borne as follows: (1) if the computations of either accounting firm are different from the Owner Participant's computations and if the difference is in

favor of the Owner Participant computed on a present value basis (discounted at 10%, compounded semi-annually), such fees and expenses shall be borne by the Owner Participant, provided that if the Owner Participant fails to pay such fees and expenses, the Lessee shall pay them and no adjustments and/or reimbursements (or credits) in favor of the Owner Participant shall be made; (2) if the computations of either accounting firm are different from the Owner Participant's computations and if the difference is in favor of the Lessee computed on a present value basis (discounted at 10%, compounded semi-annually), such fees and expenses shall be borne (i) by the Owner Participant if such difference in favor of the Lessee equals or exceeds 2 percent of the present value (so computed) of the computations provided by the Owner Participant, or (ii) otherwise by the Lessee; and (3) if the computations of either accounting firm are the same as the Owner Participant's computations, such fees and expenses shall be borne by the Lessee.

#### 20.5.5. Grounds for Loss of Tax Benefits.

(a) In the event that the Owner or the Owner Participant receives from the Internal Revenue Service a claim in the form of a written proposed or final revenue agent's report, a 30-day letter, a written notice of deficiency, or other communication proposing an adjustment to the Federal taxable income or the Federal income taxes of the Owner Participant which, if sustained, would result in a Tax Loss requiring the payment by the Lessee of an indemnity hereunder (an "IRS Claim"), the Owner or the Owner Participant, as the case may be, will notify the Lessee in writing of such IRS Claim within 30 days after its receipt. Such written notice shall specify the reason or reasons, if any, specified in the IRS Claim as the grounds for proposing an adjustment to the Federal taxable income or the Federal income taxes of the Owner Participant.

(b) If the IRS Claim fails to specify the Structural Item (as defined Section 20.5.2(d)) as a reason for the proposed adjustment to the Federal taxable income or the Federal income taxes of the Owner Participant, such failure shall constitute a conclusive determination that the Structural Item is not the sole reason for the Tax Loss; provided, however, that if the Owner or the Owner Participant contests such IRS Claim and if a final determination resulting in a Tax Loss is based solely on the Structural Item, the Structural Item shall be considered the sole reason for the Tax Loss, and provided, further, that in applying the provisions of Section 20.5.6, clause (B)(i) of Section 20.5.6(a) shall not apply should the IRS Claim state no specific reason for the proposed adjustment to the Federal taxable income or the Federal income taxes of the Owner Participant and should the Owner or the Owner Participant be unable to obtain, after making reasonable efforts, the reason or reasons for such proposed adjustment. Correspondingly, if the only reason specified in the IRS Claim for the proposed

adjustment to the Federal taxable income or the Federal income taxes of the Owner Participant is the Structural Item, it shall be conclusively presumed that the Structural Item is the sole reason for the Tax Loss; provided, however, that if the Owner or the Owner Participant contests such IRS Claim and a final determination resulting in a Tax Loss is based, in whole or in part, on reasons other than or in addition to the Structural Item, the Structural Item shall not be considered the sole reason for the Tax Loss.

(c) If the IRS Claim specifies more than one reason for the proposed adjustment to the Federal taxable income or the Federal income taxes of the Owner Participant and one of such reasons is the Structural Item, it shall be conclusively presumed that the Structural Item is not the sole reason for the Tax Loss; provided, however, that if the Owner or the Owner Participant contests such IRS Claim and if a final determination resulting in a Tax Loss is based solely on the Structural Item, the Structural Item shall be considered the sole reason for the Tax Loss.

#### 20.5.6. Contest Provisions.

(a) In the event that the Owner or the Owner Participant notifies the Lessee of an IRS Claim in accordance with the provisions of Section 20.5.5, neither the Owner nor the Owner Participant will make payment of the tax claimed for at least 30 days after giving such notice to the Lessee and the Owner Participant will take such action in connection with contesting such IRS Claim as the Lessee shall reasonably request in writing from time to time, provided that (A) within 30 days after notice by the Owner or the Owner Participant to the Lessee of such IRS Claim, the Lessee shall agree in writing that the Owner Participant is entitled to be indemnified against such IRS Claim pursuant to Section 20.5, and shall request that such IRS Claim be contested and (B) prior to or contemporaneously with mailing such request, the Lessee shall have (i) furnished the Owner Participant with a written opinion of independent tax counsel selected by the Lessee and reasonably acceptable to the Owner Participant, which acceptance will not be unreasonably withheld, to the effect that a meritorious defense exists to such IRS Claim, and (ii) agreed to pay the Owner Participant on demand, from time to time, all out-of-pocket expenses which the Owner Participant may incur in connection with contesting such IRS Claim (including reasonable attorneys' and accountants' fees and disbursements).

(b) The Owner Participant shall conduct such contest in good faith and shall exercise full control over the conduct of such contest, provided that, if requested by the Lessee in writing at any time, or from time to time, the Owner Participant shall consult with the Lessee and its counsel regarding actions to be taken in the conduct of the contest and

give consideration to taking such action as the Lessee may reasonably request, provided, however, that in determining the reasonableness of such request for action to be taken by the Owner Participant, the overall tax or other interest of the Owner Participant shall be taken into account. In any event (A) subject to clause E below, the Owner Participant may in its sole discretion determine whether or not to undertake judicial or administrative proceedings beyond the level of a Federal auditing agent, (B) the Owner Participant may determine the jurisdiction in which to contest a proposed adjustment, (C) the Owner Participant shall not settle or concede any contest by judicial proceedings without the consent of the Lessee, which consent shall not be unreasonably withheld, (D) the Owner Participant shall keep the Lessee informed as to the progress of any litigation and, if requested by the Lessee, shall consult with the Lessee's independent tax counsel and (E) the Owner Participant, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such IRS Claim and may, at its sole option, contest such IRS Claim in any permissible forum; provided, however, that the Owner Participant shall not be entitled to forego any such administrative appeals, proceedings, hearings or conferences with respect to such IRS Claim for so long as (and only for so long as) the Owner Participant is contesting other items for the same taxable year in such administrative proceedings, hearings or conferences. The Lessee shall be notified of any conference, hearing or proceeding relating to any such IRS Claim and within a reasonable time shall receive such report thereof as the Lessee may reasonably request. The Lessee shall be provided with any relevant information reasonably requested by the Lessee with respect to such IRS Claim (but not including the inspection of the tax returns or internal tax records of the Owner Participant).

(c) The Owner Participant shall not be required to undertake judicial proceedings if the proposed adjustment (taking into account the possible impact on all Equipment) relates to a potential indemnity payment or payments of less than \$75,000. In no event shall the Owner Participant be obligated to appeal an adverse determination of any court with respect to any IRS Claim unless (x) the amount of the potential indemnity payment or payments would exceed \$150,000 and (y) the Owner Participant shall have received an opinion from the Lessee's independent tax counsel that the basis in fact and law in favor of obtaining a reversal of such adverse determination outweighs the basis in fact and law to the contrary. For purposes of determining the amount of the potential indemnity payment or payments, any adjustment or proposed adjustment that relates to an issue that could affect more than one taxable year shall be treated as involving the total potential undiscounted payments, taking into account all taxable years to which the adjustment or proposed adjustment could relate.

(d) In the event that the Owner Participant shall determine to contest an IRS Claim by paying the tax deficiency asserted and then seeking a refund thereof, the Owner Participant shall notify the Lessee and the Lessee shall, unless the Lessee proceeds under the provisions of Section 20.5.6(e), make an interest-free advance to the Owner Participant (without any after-tax cost), in an amount equal to the amount of such tax deficiency plus any interest, penalties and additions to tax relating thereto. In the event of a final determination that results in an indemnity payment under Section 20.5, any such advance shall be applied against the amount of such indemnity.

(e) If the Lessee does not make an interest-free advance as provided in Section 20.5.6(d) before the date when payment of such deficiency and any related penalties, additions to tax or interest is to be made, the payment of such amounts by the Owner Participant shall be, and be deemed to be, a Tax Loss to which Section 20.5.2 applies, and the Lessee shall become obligated to pay to the Owner Participant indemnity with respect to such Tax Loss pursuant to Section 20.5.2. In the event that the Owner Participant prevails in any such contest and receives a refund of any item included in any payment made by the Owner Participant pursuant to this Section 20.5.6(e), and any interest thereon applicable to such item, then the Owner Participant shall, notwithstanding any provisions of Section 20.5.2 to the contrary, make an adjustment as follows: (i) the net amount of the refund and interest received that is retainable on an after-tax basis by the Owner Participant shall be determined by subtracting payment or proper provision for Taxes and any other taxes imposed by any jurisdiction or other taxing authority upon or measured by, or otherwise resulting from, such refund; (ii) such net retainable amount shall be taken into account in a determination of the Owner Participant's Net Economic Return made in accordance with the provisions contained or referred to in Section 20.5.2, giving credit to the Lessee for the amount of such refund and interest, so as to in all events preserve, and neither exceed nor diminish, the Owner Participant's Net Economic Return, and to the extent consistent with the preservation thereof, the Owner Participant shall first, offset the net retainable amount of such refund, to the extent thereof, against any amounts then unpaid, or remaining to be paid in the future, out of the indemnity payment or payments originally determined pursuant to the first sentence of this Section 20.5.6(e), and second, pay to the Lessee (or to credit to any then due and owing and unpaid obligations of the Lessee to the Owner Participant) any remainder of such net retainable amount.

(f) At any time, whether before or after commencing to contest any IRS Claim or proposed adjustment pursuant to this Section 20.5.6, the Owner Participant may decline to contest, or further contest, such IRS Claim or proposed adjustment in accordance with this Section 20.5.6 by notifying the Lessee in

writing that it is released from its obligations to indemnify the Owner Participant with respect to such IRS Claim or proposed adjustment. Such notification by the Owner Participant shall not affect the rights and obligations of the Owner Participant and the rights and obligations of the Lessee hereunder in respect of any other claim.

20.5.7 Loss Value Recomputation. If any amount is payable by the Lessee to the Owner Participant or by the Owner Participant to the Lessee pursuant to this Section 20.5, or if any amount payable by the Lessee to the Owner Participant pursuant to this Section 20.5 is adjusted, the Owner Participant shall make any necessary recomputations to the Stipulated Loss Values with respect to the Equipment in accordance with the manner in which such values were originally computed to reflect such payment or payments, as the case may be, and the Owner Participant shall certify to the Lessee either that such values as are set forth in the Lease do not require change or, as the case may be, that new values as set forth in the certification are necessary to reflect such payment or payments, as the case may be, describing in reasonable detail the basis for computing such new values. Upon such certification, any such new values shall be substituted for the Stipulated Loss Values appearing in the Lease. Similarly, in the event that an amount shall be paid to the Owner Participant based on or measured by Stipulated Loss Value, the obligations of the Lessee and the Owner Participant under this Agreement shall be appropriately adjusted to avoid or eliminate duplication of payments. In the event the Lessee believes that the computations of the Owner Participant are not correct, any conflict between the Owner Participant and the Lessee shall be resolved by an independent accounting firm in accordance with the procedure described in Section 20.5.4(c). The fees and expenses payable for such procedure shall be paid as follows: (1) if the computations provided by such accounting firm are different from the Owner Participant's computations and if the difference is in favor of the Owner Participant computed on a present value basis (discounted at a 10%, compounded semi-annually), such fees and expenses shall be borne by the Owner Participant, provided that if the Owner Participant fails to pay such fees and expenses, the Lessee shall pay them and no change in the Stipulated Loss Values in favor of the Owner Participant shall be made; (2) if the computations provided by such accounting firm are different from the Owner Participant's computations and if the difference is in favor of the Lessee computed on a present value basis (discounted at 10%, compounded semi-annually), such fees and expenses shall be borne (i) by the Owner Participant if such difference in favor of the Lessee equals or exceeds 2 percent of the present value (so computed) of the computations provided by the Owner Participant or (ii) otherwise by the Lessee; and (3) if the computations provided by such accounting firm are the same as the Owner Participant's computations, such fees and expenses shall be borne by the Lessee. A redemption can be

made more than once pursuant to the provisions of this Section 20.5.7, and to the extent any redetermination would cause any payment of Stipulated Loss Value to fall below the minimum Stipulated Loss Value payment due under Section 8.2, the Lessee shall pay such minimum amount and that portion of the necessary adjustment to Stipulated Loss Values which would cause such shortfall under Section 8.2 shall be paid by the Owner Participant to the Lessee when payment is made of the Stipulated Loss Value payment which would otherwise have been adjusted in full pursuant to the provisions of this Section 20.5.7 (and together with interest at the Overdue Interest Rate for each day such amount remains overdue).

20.5.8 Survival of Agreement. The obligations and liabilities of the Lessee and the Owner Participant arising under this Article 20 shall continue in full force and effect, notwithstanding the expiration or other termination of the Participation Agreement, the Lease or any other Operative Documents, until all such obligations have been met and such liabilities have been paid in full. The obligations, representations and warranties, and liabilities of the Lessee arising under this Article 20 are expressly made for the benefit of, and shall be enforceable by, the Owner Participant and its successors, assigns and agents.

20.5.9 Payments. Any payments made to any party pursuant to this Article 20 shall be in U.S. dollars and shall be made directly to such party (and shall not constitute part of the Indenture Estate) by wire transfer of immediately available funds to such bank and/or account as specified by such party in written directions to the party making such payment, or, if no such direction shall have been given, by check of the paying party payable to the order of the party entitled to such payment and mailed to such party by first class mail, postage prepaid, at its address as set forth in the Lease.

20.5.10 Affiliated Group. If any Owner Participant is a member of an "affiliated group" (within the meaning of Code Section 1504) joining in the filing of a consolidated Federal income tax return, the term "Owner Participant" as used in this Article 20 to refer to such Owner Participant includes such affiliated group.

## ARTICLE 21

### AMENDMENTS; MISCELLANEOUS

21.1 Amendments and Waivers. Neither the terms of this Lease nor the definition of any capitalized term used herein which is defined in, or by reference in, Schedule X, as such capitalized term is used herein, shall be altered, modified, amended or supplemented, nor shall this Lease or any other terms hereof be waived or terminated, in any manner

whatsoever except by written instrument signed by the party against which the enforcement of such alteration, modification, amendment, supplement, waiver or termination is sought and, so long as any Notes are outstanding, the Indenture Trustee; nor, so long as any Notes are outstanding, shall any remedy or election be exercised hereunder nor any consent given hereunder without the written consent of the Indenture Trustee. No amendment to Schedule X attached hereto, shall become effective until a corresponding amendment is made to Schedule X attached to the Indenture or until the parties to the Indenture shall have waived this condition in writing with respect to such amendment.

21.2 Investment of Security Funds. Any moneys required to be paid to or retained by the Lessor which are not required to be paid to the Lessee pursuant to Section 9.5 or Section 10.4 solely because an Event of Default shall have occurred or which are required to be paid to the Lessee pursuant to Article 9 or 10 after completion of a replacement to be made pursuant to Section 10.1(b) shall, until paid to the Lessee as provided in Article 9 or 10, be invested (on a reasonable efforts basis) by the Lessor from time to time as directed in writing by the Lessee and at the risk and expense of the Lessee in Authorized Investments. The Lessor shall bear no responsibility for any losses incurred on such investments. The Lessee will promptly pay to the Lessor, on demand, the amount of any net loss realized as the result of any such investment (together with any fees, commissions and other expenses, if any, incurred in connection with such investment). At the time of payment to the Lessee pursuant to Article 9 or 10 of moneys invested by the Lessor pursuant to this Article there shall be promptly remitted to the Lessee any gain (including interest received) realized as the result of any such investment (net of any fees, commissions and other expenses, if any, incurred in connection with such investment).

21.3. Binding Effect. This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

21.4. Money. All amounts and moneys referred to in this Lease shall be construed to mean such coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

21.5. Business Days. If any Rent Payment Date or any other date on which any payment is required to be made under this Lease shall not be a Business Day, such payment may be made on the next succeeding Business Day with the same force and effect as if made on such day, and no interest or Supplemental Rent shall accrue by reason of such deferral of payment.

21.6. Security for Lessor's Obligations to Holders of Notes. In order to secure the indebtedness evidenced by the Notes, the Lessor provides in the Indenture, among other things, for the assignment by the Lessor to the Indenture Trustee of this Lease and the Lease Supplements and for the creation of a first mortgage and security interest in favor of the Indenture Trustee on the Equipment. The Lessee acknowledges the existence of, approves of and consents to such assignment, and the Lessee acknowledges receipt of a copy of the Indenture.

21.7. Counterparts. This Lease may be executed in any number of counterparts and by any of the parties hereto on separate counterparts, all of which together shall constitute but one and the same instrument.

21.8. No Recourse. The Lessor is entering into this Lease solely as owner trustee under the Owner Trust Agreement and not in its individual capacity and in no case whatsoever shall the Bank or any Owner Participant be personally liable on, or for any loss in respect of, any of the representations, warranties, agreements or obligations of the Lessor hereunder as to all of which the parties hereto agree to look solely to the Owner Estate, except that the Bank shall be personally liable to the extent specified in Section 10(b) of the Participation Agreement. If, in accordance with the terms of the Owner Trust Agreement, a successor owner trustee is appointed, such successor owner trustee shall, without any further act, succeed to all of the rights, duties, immunities, liabilities and obligations of the Lessor hereunder and the predecessor owner trustee shall be released from all further duties and obligations hereunder.

## ARTICLE 22

### FEEES OF INDENTURE TRUSTEE

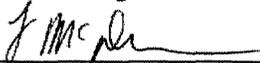
The Lessee will pay as Supplemental Rent the reasonable continuing fees and expenses (including, without limitation, counsel fees), to the extent not included in Transaction Costs, of the Indenture Trustee in connection with its services rendered under the Indenture and of the Bank in connection with its services rendered under the Owner Trust Agreement and the costs of appointment of any successor indenture trustee under Article VIII of the Indenture and of any successor owner trustee under Section 10 of the Owner Trust Agreement.

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

LESSOR:

THE CONNECTICUT NATIONAL  
BANK, not in its individual  
capacity but solely as  
owner trustee under the  
Owner Trust Agreement

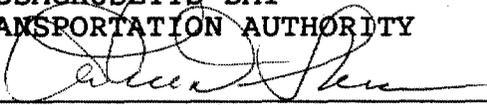
By

  
Name: Frank McDonald  
Title: VP

LESSEE:

MASSACHUSETTS BAY  
TRANSPORTATION AUTHORITY

By

  
Arthur D. Shea  
Acting Treasurer-Controller

Commonwealth of Massachusetts )  
 ) ss:  
County of Suffolk )

On this 8th day of October, 1987, before me personally appeared, Frank McDonald, to me personally known, who being by me duly sworn, says that he is the Vice President of The Connecticut National Bank, that the seal affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank 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 bank.

[seal]

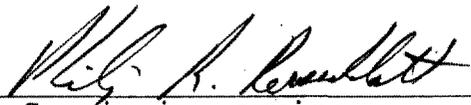
  
My Commission expires \_\_\_\_\_

PHILIP R. ROSENBLATT, Notary Public  
My Commission Expires Nov. 2, 1992

Commonwealth of Massachusetts )  
 ) ss:  
County of Suffolk )

On this 8th day of October, 1987, before me personally appeared, Arthur D. Shea, to me personally known, who being by me duly sworn, says that he is the Acting Treasurer (Controller) of Massachusetts Bay Transportation Authority, that the seal affixed to the foregoing instrument is the corporate seal of said authority, that said instrument was signed and sealed on behalf of said authority by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said authority.

[seal]

  
My Commission expires \_\_\_\_\_

PHILIP R. ROSENBLATT, Notary Public  
My Commission Expires Nov. 2, 1990

LEASE SUPPLEMENT NO. \_\_\_\_

This Lease Supplement No. \_\_\_\_ is dated \_\_\_\_\_, 1987, and is between The Connecticut National Bank, a national banking association, acting hereunder not in its individual capacity but solely as owner trustee under the Owner Trust Agreement (the "Lessor"), and Massachusetts Bay Transportation Authority, a body politic and corporate and a political subdivision of The Commonwealth of Massachusetts (the "Lessee").

The Lessor and the Lessee have heretofore entered into the Lease Agreement, dated as of October 8, 1987 (the "Lease Agreement" and defined terms therein being hereinafter used with the same meanings). The Lease Agreement provides for the execution and delivery from time to time of Lease Supplements each substantially in the form hereof for the purposes of leasing the specific items of Equipment under the Lease Agreement as and when delivered by the Lessor to the Lessee in accordance with the terms thereof.

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

1. The Lessor hereby delivers and leases to the Lessee under the Lease Agreement, and the Lessee hereby accepts and leases from the Lessor under the Lease Agreement, the items of Equipment described in the attached Annex 1.
2. The Lessee hereby confirms its agreement to pay the Lessor Basic Rent for such items of Equipment throughout the Basic Term in accordance with Article 8 of the Lease Agreement. Lessor's Purchase Price for such items of Equipment is \$ \_\_\_\_\_.
3. 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.
4. The Delivery Date of such items of Equipment is the date of this Lease Supplement.

5. The Basic Term for such items of Equipment shall commence on the Delivery Date thereof and shall terminate on December 31, 2012.

6. This Lease Supplement is being delivered in The Commonwealth of Massachusetts and shall be governed by, and construed in accordance with, the laws of The Commonwealth of Massachusetts, including, without limitation, all matters of construction, validity and performance.

7. The Effective Lease Rate under the Lease Agreement, computed on the basis of the payments of Basic Rent determined as of the Delivery Date, is \_\_\_\_\_%.

8. The Lessee hereby confirms to the Lessor that such items of Equipment have been duly marked in accordance with the terms of Section 4.1 of the Lease Agreement and that the Lessee has accepted such items of Equipment for all purposes hereof and of the Lease Agreement as being in accordance with specifications, in good working order and repair and without defect or inherent vice in title, condition, design, operation or fitness for use, whether or not discoverable by the Lessee as of the date hereof, and free and clear of all liens or encumbrances and claims of others except such liens and encumbrances which may result from claims against the Lessor not related to the ownership of such items of Equipment and except the first mortgage lien and security interest on such items of Equipment in favor of the Indenture Trustee created pursuant to the Indenture; provided, however, that nothing contained herein or in the Lease Agreement shall in any way diminish or otherwise affect any right the Lessee or the Lessor may have with respect to such items of Equipment against the Manufacturer or any subcontractor of the Manufacturer under the Purchase Agreement or the Purchase Agreement Assignment or otherwise.

9. The Lessee acknowledges the existence of, approves of and consents to the assignment by the Lessor to the Indenture Trustee of this Lease Supplement pursuant to the Indenture.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement to be duly executed, as a document under

seal, as of the day and year first above written and to be delivered in The Commonwealth of Massachusetts.

LESSOR:

THE CONNECTICUT NATIONAL BANK,  
not in its individual  
capacity but solely as owner  
trustee under the Owner Trust  
Agreement

By \_\_\_\_\_

Name:  
Title:

LESSEE:

MASSACHUSETTS BAY  
TRANSPORTATION AUTHORITY

By \_\_\_\_\_

Name:  
Title:

Uniform Commercial Code Chattel Paper Receipt

Receipt of the original counterpart of the foregoing Lease Supplement is hereby acknowledged on this \_\_\_ day of \_\_\_\_\_, 1987.

THE CONNECTICUT BANK  
AND TRUST COMPANY, NATIONAL  
ASSOCIATION, as Indenture  
Trustee, Mortgagee

By \_\_\_\_\_

Name:  
Title:

Commonwealth of Massachusetts )  
County of Suffolk ) ss:  
)

On this \_\_\_\_ day of \_\_\_\_\_, 1987, before me personally appeared, \_\_\_\_\_, to me personally known, who being by me duly sworn, says that he is the \_\_\_\_\_ of The Connecticut National Bank, that the seal affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank 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 bank.

[seal]

My Commission expires \_\_\_\_\_

Commonwealth of Massachusetts )  
County of Suffolk ) ss:  
)

On this \_\_\_\_ day of \_\_\_\_\_, 1987, before me personally appeared, \_\_\_\_\_, to me personally known, who being by me duly sworn, says that he is the \_\_\_\_\_ of Massachusetts Bay Transportation Authority, that the seal affixed to the foregoing instrument is the corporate seal of said authority, that said instrument was signed and sealed on behalf of said authority by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said authority.

[seal]

My Commission expires \_\_\_\_\_

Attachment: Annex 1

ANNEX 1

\_\_\_\_\_ diesel-electric locomotives manufactured by General Motors Corporation (the "Manufacturer") pursuant to the Purchase Agreement, dated September 25, 1986, as amended, between the Manufacturer and Massachusetts Bay Transportation Authority ("MBTA"), identified by MBTA and Manufacturer vehicle identification numbers and having the cost more particularly described as follows:

<u>MBTA Vehicle</u> <u>Identification Number</u>	<u>Manufacturer</u> <u>Serial Number</u>	<u>Cost</u>
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STIPULATED LOSS VALUES

<u>STIPULATED LOSS VALUE DATE</u>	<u>STIPULATED LOSS VALUE</u>
8 OCT 1987	102.16597
1 JAN 1988	101.77700
1 FEB 1988	102.34608
1 MAR 1988	102.91516
1 APR 1988	103.48423
1 MAY 1988	104.05489
1 JUN 1988	104.62397
1 JUL 1988	106.43625
1 AUG 1988	103.59083
1 SEP 1988	104.15991
1 OCT 1988	104.72900
1 NOV 1988	105.29964
1 DEC 1988	105.86873
1 JAN 1989	107.56130
1 FEB 1989	103.17706
1 MAR 1989	103.73339
1 APR 1989	104.29012
1 MAY 1989	104.84822
1 JUN 1989	105.40475
1 JUL 1989	106.09033
1 AUG 1989	104.10767
1 SEP 1989	104.66420
1 OCT 1989	105.22073
1 NOV 1989	105.77863
1 DEC 1989	106.33536
1 JAN 1990	107.60095
1 FEB 1990	103.22759
1 MAR 1990	103.77031
1 APR 1990	104.31304
1 MAY 1990	104.85732
1 JUN 1990	105.40005
1 JUL 1990	106.55052
1 AUG 1990	103.83690
1 SEP 1990	104.37963
1 OCT 1990	104.92235
1 NOV 1990	105.46664
1 DEC 1990	106.00936

STIPULATED LOSS VALUES

<u>STIPULATED LOSS VALUE DATE</u>	<u>STIPULATED LOSS VALUE</u>
1 JAN 1991	106.92602
1 FEB 1991	102.38372
1 MAR 1991	102.92034
1 APR 1991	103.45696
1 MAY 1991	103.99514
1 JUN 1991	104.53176
1 JUL 1991	105.29652
1 AUG 1991	102.61343
1 SEP 1991	103.15005
1 OCT 1991	103.68667
1 NOV 1991	104.22485
1 DEC 1991	104.76147
1 JAN 1992	105.36638
1 FEB 1992	100.77364
1 MAR 1992	101.29446
1 APR 1992	101.81529
1 MAY 1992	102.33767
1 JUN 1992	102.85849
1 JUL 1992	103.43283
1 AUG 1992	100.82873
1 SEP 1992	101.34955
1 OCT 1992	101.87037
1 NOV 1992	102.39275
1 DEC 1992	102.91357
1 JAN 1993	103.50741
1 FEB 1993	98.80397
1 MAR 1993	99.31088
1 APR 1993	99.81778
1 MAY 1993	100.32625
1 JUN 1993	100.83315
1 JUL 1993	101.41702
1 AUG 1993	98.88250
1 SEP 1993	99.38940
1 OCT 1993	99.89631
1 NOV 1993	100.40477
1 DEC 1993	100.91168
1 JAN 1994	101.51725
1 FEB 1994	96.71847
1 MAR 1994	97.21353
1 APR 1994	97.70859
1 MAY 1994	98.20522

STIPULATED LOSS VALUES

<u>STIPULATED LOSS VALUE DATE</u>	<u>STIPULATED LOSS VALUE</u>
1 JUN 1994	98.70028
1 JUL 1994	99.27881
1 AUG 1994	96.41088
1 SEP 1994	96.90594
1 OCT 1994	97.40101
1 NOV 1994	97.89763
1 DEC 1994	98.39270
1 JAN 1995	98.97405
1 FEB 1995	94.48344
1 MAR 1995	94.96510
1 APR 1995	95.44676
1 MAY 1995	95.92999
1 JUN 1995	96.41165
1 JUL 1995	96.98831
1 AUG 1995	94.07239
1 SEP 1995	94.55405
1 OCT 1995	95.03572
1 NOV 1995	95.51894
1 DEC 1995	96.00060
1 JAN 1996	96.57571
1 FEB 1996	92.10633
1 MAR 1996	92.57443
1 APR 1996	93.04254
1 MAY 1996	93.51220
1 JUN 1996	93.98031
1 JUL 1996	94.55131
1 AUG 1996	91.66968
1 SEP 1996	92.13779
1 OCT 1996	92.60589
1 NOV 1996	93.07556
1 DEC 1996	93.54367
1 JAN 1997	94.11324
1 FEB 1997	89.58141
1 MAR 1997	90.03511
1 APR 1997	90.48881
1 MAY 1997	90.94408
1 JUN 1997	91.39778
1 JUL 1997	91.96366
1 AUG 1997	87.18713
1 SEP 1997	87.62500
1 OCT 1997	88.06287
1 NOV 1997	88.50231
1 DEC 1997	88.94017

STIPULATED LOSS VALUES

<u>STIPULATED LOSS</u> <u>VALUE DATE</u>	<u>STIPULATED LOSS</u> <u>VALUE</u>
1 JAN 1996	89.48876
1 FEB 1996	86.80576
1 MAR 1996	87.24363
1 APR 1996	87.68150
1 MAY 1996	88.12093
1 JUN 1996	88.55880
1 JUL 1996	89.11839
1 AUG 1996	83.71404
1 SEP 1996	84.13274
1 OCT 1996	84.55145
1 NOV 1996	84.97171
1 DEC 1996	85.39042
1 JAN 1997	85.91579
1 FEB 1997	87.82228
1 MAR 1997	84.24098
1 APR 1997	84.65969
1 MAY 1997	85.07995
1 JUN 1997	85.49865
1 JUL 1997	86.06279
1 AUG 1997	80.53082
1 SEP 1997	80.93130
1 OCT 1997	81.33177
1 NOV 1997	81.73380
1 DEC 1997	82.13427
1 JAN 2000	82.65042
1 FEB 2000	80.64806
1 MAR 2000	81.04853
1 APR 2000	81.44901
1 MAY 2000	81.85104
1 JUN 2000	82.25151
1 JUL 2000	82.80922
1 AUG 2000	77.12344
1 SEP 2000	77.50194
1 OCT 2000	77.88044
1 NOV 2000	78.26050
1 DEC 2000	78.63900
1 JAN 2001	79.15821
1 FEB 2001	77.26571
1 MAR 2001	77.64421
1 APR 2001	78.02271
1 MAY 2001	78.40277
1 JUN 2001	78.78127

STIPULATED LOSS VALUES

<u>STIPULATED LOSS VALUE DATE</u>	<u>STIPULATED LOSS VALUE</u>
1 JUL 2001	79.34554
1 AUG 2001	73.51369
1 SEP 2001	73.87132
1 OCT 2001	74.22896
1 NOV 2001	74.58815
1 DEC 2001	74.94578
1 JAN 2002	75.45563
1 FEB 2002	73.66747
1 MAR 2002	74.02510
1 APR 2002	74.38274
1 MAY 2002	74.74193
1 JUN 2002	75.09956
1 JUL 2002	75.65757
1 AUG 2002	69.67031
1 SEP 2002	70.00575
1 OCT 2002	70.34118
1 NOV 2002	70.67817
1 DEC 2002	71.01360
1 JAN 2003	71.51348
1 FEB 2003	69.83633
1 MAR 2003	70.17176
1 APR 2003	70.50719
1 MAY 2003	70.84418
1 JUN 2003	71.17961
1 JUL 2003	71.73092
1 AUG 2003	65.57812
1 SEP 2003	65.88990
1 OCT 2003	66.20168
1 NOV 2003	66.51502
1 DEC 2003	66.82680
1 JAN 2004	67.31618
1 FEB 2004	65.75727
1 MAR 2004	66.06905
1 APR 2004	66.38083
1 MAY 2004	66.69418
1 JUN 2004	67.00596
1 JUL 2004	67.55025
1 AUG 2004	61.22110
1 SEP 2004	61.50768
1 OCT 2004	61.79427
1 NOV 2004	62.08242
1 DEC 2004	62.36901
1 JAN 2005	62.84731
1 FEB 2005	61.41437

STIPULATED LOSS VALUES

<u>STIPULATED LOSS</u> <u>VALUE DATE</u>	<u>STIPULATED LOSS</u> <u>VALUE</u>
1 MAR 2005	61.70096
1 APR 2005	61.98755
1 MAY 2005	62.27570
1 JUN 2005	62.56228
1 JUL 2005	63.09922
1 AUG 2005	56.58221
1 SEP 2005	56.84197
1 OCT 2005	57.10172
1 NOV 2005	57.36303
1 DEC 2005	57.62279
1 JAN 2006	58.08941
1 FEB 2006	56.79065
1 MAR 2006	57.05041
1 APR 2006	57.31016
1 MAY 2006	57.57147
1 JUN 2006	57.83123
1 JUL 2006	58.36045
1 AUG 2006	51.64334
1 SEP 2006	51.87451
1 OCT 2006	52.10567
1 NOV 2006	52.33840
1 DEC 2006	52.56957
1 JAN 2007	53.02390
1 FEB 2007	51.86807
1 MAR 2007	52.09924
1 APR 2007	52.33041
1 MAY 2007	52.56315
1 JUN 2007	52.79430
1 JUL 2007	53.31636
1 AUG 2007	46.26442
1 SEP 2007	46.44775
1 OCT 2007	46.63108
1 NOV 2007	46.81597
1 DEC 2007	46.99931
1 JAN 2008	47.52766
1 FEB 2008	46.61100
1 MAR 2008	46.79434
1 APR 2008	46.97767
1 MAY 2008	47.16256
1 JUN 2008	47.34589
1 JUL 2008	47.75209
1 AUG 2008	40.52342
1 SEP 2008	40.65293

STIPULATED LOSS VALUES

<u>STIPULATED LOSS VALUE DATE</u>	<u>STIPULATED LOSS VALUE</u>
1 OCT 2008	40.78245
1 NOV 2008	40.91352
1 DEC 2008	41.04304
1 JAN 2009	41.66471
1 FEB 2009	41.01714
1 MAR 2009	41.14666
1 APR 2009	41.27617
1 MAY 2009	41.40725
1 JUN 2009	41.53676
1 JUL 2009	42.24811
1 AUG 2009	34.40305
1 SEP 2009	34.47308
1 OCT 2009	34.54311
1 NOV 2009	34.61470
1 DEC 2009	34.68473
1 JAN 2010	35.41694
1 FEB 2010	35.06679
1 MAR 2010	35.13682
1 APR 2010	35.20685
1 MAY 2010	35.27844
1 JUN 2010	35.34847
1 JUL 2010	36.18367
1 AUG 2010	27.87840
1 SEP 2010	27.88269
1 OCT 2010	27.88697
1 NOV 2010	27.89282
1 DEC 2010	27.89711
1 JAN 2011	28.75936
1 FEB 2011	29.73794
1 MAR 2011	28.74222
1 APR 2011	28.74651
1 MAY 2011	28.75236
1 JUN 2011	28.75664
1 JUL 2011	29.73335
1 AUG 2011	21.39808
1 SEP 2011	21.39808
1 OCT 2011	21.39808
1 NOV 2011	21.39964
1 DEC 2011	21.39964

STIPULATED LOSS VALUES

<u>STIPULATED LOSS VALUE DATE</u>	<u>STIPULATED LOSS VALUE</u>
1 JAN 2012	22.07189
1 FEB 2012	22.07189
1 MAR 2012	22.07189
1 APR 2012	22.07189
1 MAY 2012	22.07345
1 JUN 2012	22.07345
1 JUL 2012	22.85527
1 AUG 2012	14.93736
1 SEP 2012	14.93736
1 OCT 2012	14.93736
1 NOV 2012	14.93892
1 DEC 2012	14.93892
1 JAN 2013	15.41736

Schedule 1  
to Lease

Basic Rent

<u>Date</u>	<u>No.</u>	<u>Percentage Rate</u>	<u>Date</u>	<u>No.</u>	<u>Percentage Rate</u>
7/1/1988	1	3.4145000	1/1/2001	26	2.2709909
1/1/1989	2	4.9207674	7/1/2001	27	6.1894757
7/1/1989	3	3.3391866	1/1/2002	28	2.1457916
1/1/1990	4	4.9960807	7/1/2002	29	6.3226844
7/1/1990	5	3.2563419	1/1/2003	30	2.0125830
1/1/1991	6	5.0789254	7/1/2003	31	6.4645822
7/1/1991	7	3.2197147	1/1/2004	32	1.8706852
1/1/1992	8	5.1155526	7/1/2004	33	6.6157376
7/1/1992	9	3.1249228	1/1/2005	34	1.7195298
1/1/1993	10	5.2103445	7/1/2005	35	6.7767546
7/1/1993	11	3.0414233	1/1/2006	36	1.5585128
1/1/1994	12	5.2938441	7/1/2006	37	6.9482766
7/1/1994	13	3.3629923	1/1/2007	38	1.3869907
1/1/1995	14	4.9722751	7/1/2007	39	7.2352768
7/1/1995	15	3.3975815	1/1/2008	40	1.0999906
1/1/1996	16	4.9376859	7/1/2008	41	7.5581866
7/1/1996	17	3.3497338	1/1/2009	42	0.7770807
1/1/1997	18	4.9855336	7/1/2009	43	7.9150869
7/1/1997	19	5.2143965	1/1/2010	44	0.4201804
1/1/1998	20	3.1208708	7/1/2010	45	8.3095557
7/1/1998	21	5.8230498	1/1/2011	46	0.0257117
1/1/1999	22	2.5122176	7/1/2011	47	8.3352674
7/1/1999	23	5.9324340	1/1/2012	48	0.0000000
1/1/2000	24	2.4028333	7/1/2012	49	7.9179102
7/1/2000	25	6.0642764	1/1/2013	50	0.4173572

SCHEDULE X

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## SCHEDULE X

The following terms shall have the respective meanings set forth below:

"Actual Knowledge" means (a) with respect to the Lessee, actual knowledge of its Chairman, General Manager, Treasurer-Controller, Assistant Treasurer-Controller or Director of Operations and (b) with respect to the Owner, actual knowledge of any officer in its Corporate Trust Administration Department or any other officer or assistant officer of the Bank customarily performing functions similar to those performed by the individuals who at the time shall be such officers or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject. "Actual Knowledge" shall be deemed to exist following receipt of notice of a fact, event, condition or other circumstance by any such Person.

"Additional Investment" has the meaning specified in Section 8.1 of the Lease.

"Additions" has the meaning specified in Article 6 of the Lease.

"Affiliate", of any Person, means any other Person controlling, controlled by or under direct or indirect 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 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.

"After-tax Basis," or "after tax basis," or similar term, means, when used with respect to the payment of any amount and a requirement or contemplation that a gross amount paid shall produce a net amount received and retained by the recipient after payment or proper provision for Taxes and any other taxes imposed on the disbursement or receipt of such gross amount, that gross amount which, after deduction of all Taxes and any other taxes imposed by any jurisdiction or other taxing authority upon or measured by, or otherwise resulting from, the disbursement or receipt of such gross amount or any part thereof, will provide such net amount to the recipient, free of all Taxes and taxes.

"Authorized Investments" means (a) readily marketable obligations of, or fully and unconditionally guaranteed (as to both principal and interest) by, the United States of America and having a maturity not in excess of 12 months from the date of acquisition thereof; (b) certificates of deposit (having a maturity not in excess of 30 days from the date of acquisition thereof) evidencing direct obligations of any commercial bank or trust company organized in the United States of America and having capital, surplus and undivided profits of at least \$1,000,000,000; and (c) so-called money market funds, banker's acceptances or similar obligations (having a maturity not in excess of 30 days) issued by the Indenture Trustee.

"Applicable Law" means all applicable laws, treaties, judgments, decrees, injunctions, writs and other orders of any court, governmental agency or authority and rules, regulations, orders, directives, licenses and permits of any governmental body, instrumentality, agency or authority.

"Bank" means The Connecticut National Bank, a national banking association, solely in its individual capacity and not as owner trustee under the Owner Trust Agreement and any Person acting in its individual capacity which has become successor owner trustee in accordance with the terms of the Owner Trust Agreement.

"Base Rate" means the rate announced from time to time by The First National Bank of Boston at its head office at 100 Federal Street, Boston, Massachusetts as its "base rate".

"Basic Rent" means the rent payable for the Equipment with respect to the Basic Term pursuant to Section 8.1 of the Lease, subject to adjustment as provided in Sections 8.1, 8.5 and 8.6 and Article 20 of the Lease.

"Basic Term" means the period beginning on the first Delivery Date and ending January 1, 2013, or such earlier date as this Lease shall be terminated as provided herein.

"Board" means the Board of Directors of the Lessee.

"Board Resolution" means a resolution of the Board certified by the Secretary or Assistant Secretary of the Lessee to have been duly adopted by the Board and to be in full force and effect on the date of such certification.

"Business Day" means any day other than a Saturday or a Sunday or a day on which commercial banking institutions in the City of Boston, Massachusetts, or (so long as Notes shall be outstanding) the City of Hartford, Connecticut or the City of New York, New York, are authorized by law to be closed. Any reference herein to "days" (unless Business Days are specified) shall mean calendar days.

"Code" means the Internal Revenue Code of 1986, as from time to time amended, and any redesignated or successor provisions, howsoever from time to time designated or amended. Except as otherwise expressly provided, references to Section 168(f) of the Code mean such section as added by P.L. 97-34, Section 201(a), and as amended by (i) P.L. 97-248 (including Section 208(d)(5) of said P.L. 97-248 as amended by Section 306(a)(4) of P.L. 97-448), (ii) P.L. 98-369 (including Sections 12(b) and 31(g)(5) of said P.L. 98-369) and (iii) P.L. 99-514 (including Section 204(a)(4) of said P.L. 99-514); and references to Sections 103, 168(a) and 168(c) of the Code mean such sections prior to their amendment by P.L. 99-514.

"Commitment", of each Participant, means the amount set forth opposite such Participant's name in Schedule 1 to the Participation Agreement in the column relating to "Commitments", plus, in the case of the Original Owner Participant, the amount determined as set forth opposite the Original Owner Participant's name in such Schedule 1 in the column relating to "Transaction Costs" as such amount may be adjusted as contemplated by Section 2.1(a) of the Participation Agreement and Section 8.1 of the Lease.

"Commonwealth" means The Commonwealth of Massachusetts.

"Contract Assistance Provisions" has the meaning specified in Section 8.7 of the Lease.

"Contract for Financial Assistance" means an agreement between the Lessee and the Commonwealth, with respect to the Participation Agreement and the transactions contemplated thereby, in the form of Exhibit C to the Participation Agreement or in such other form as may be satisfactory to the Participants, as it may from time to time be supplemented, amended or modified in accordance with its terms.

"Cost Recovery Deductions" has the meaning specified in Section 20.4(b) of the Lease.

"Default" means an event or condition which, with the giving of notice or lapse of time or both, would constitute an Event of Default.

"Delivery Date", for items of Equipment, means the date of the Lease Supplement with respect thereto, which date shall be the date of the last to occur of the following events: such items of Equipment are delivered to, and finally accepted by, the Lessor under the Purchase Agreement and the Purchase Agreement Assignment and are leased by the Lessor to, and accepted by, the Lessee under the Lease.

"Designated Payment Date" has the meaning specified in Section 13(d) of the Lease.

"Destroyed Equipment" has the meaning specified in Section 10.1(b) of the Lease.

"Disqualifying Event" means, with respect to the Equipment or any item or Part thereof, the occurrence, subsequent to the time of any Delivery Date when the Lessor purchases such Equipment or item or Part thereof and leases the same to the Lessee, of any fact, circumstance, condition or event that causes or results in a failure or cessation of qualification of the intended lease of the Equipment, or any item or Part thereof, under the Lease and any Lease Supplement, as a lease that is characterized as a lease under provisions of Section 168(f)(8) of the Code and the Regulations under such Section (including without limitation Regulations Sections 5c.168(f)(8)-1 through 5c.168(f)(8)-8, as such provisions are applicable to "qualified mass commuting vehicles" as defined in Section 103(b)(9) of the Code) thereunder including but not limited to a "disqualifying event" within the meaning of Regulations Section 5c.168(f)(8)-8(b).

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

"Effective Lease Rate" means the discount rate specified in each Lease Supplement that will cause the present value of the payments of Basic Rent, as determined on the applicable Delivery Date, with respect to the items of Equipment covered by such Lease Supplement to equal Lessor's Purchase Price of such items of Equipment on such Delivery Date.

"Equipment" means: 18 diesel-electric locomotives (or so many thereof as shall have been delivered to and accepted by the Owner on or before the final Delivery Date) to be manufactured by the Manufacturer and sold to the Owner pursuant to the Purchase Agreement (as assigned by the Purchase Agreement Assignment) and then leased by the Owner to the Lessee under the Lease and under related Lease Supplements, such locomotives to have the Lessee's and Manufacturer's serial numbers specified in such Lease Supplements, together with Parts; and any locomotive(s), parts or other items of Equipment which may from time to time be substituted for any locomotive(s) or other items of Equipment pursuant to Section 10.1(b) of the Lease. An "item of Equipment" means any one or more such locomotives or Parts, as the context may require.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Events of Acceleration" means the events specified in Section 11.01 of the Indenture.

"Events of Default" has the meaning specified in Article 12 of the Lease.

"Event of Loss", with respect to any item of Equipment, means any of the following events with respect to such item of Equipment: (a) the loss of such item of Equipment or of the use thereof due to the destruction of, wear to or damage beyond repair to such item of Equipment which (in the good faith and reasonable opinion of the Lessee) renders it permanently unfit for normal use by the Lessee for any reason whatsoever, such determination to be made promptly after the occurrence of such event and to be evidenced by an Officer's Certificate of the Lessee delivered to the Owner and the Indenture Trustee; (b) the loss of the use for 180 consecutive days or more of such item of Equipment due to wear or damage which in the good faith and reasonable opinion of the Lessee can and will be repaired; (c) any damage to such item of Equipment which results in an insurance settlement with respect to such item of Equipment on the basis of a total loss or a constructive or compromised total loss; (d) the requisition of title to or the loss of title to such item of Equipment; (e) the confiscation, condemnation or seizure of, or the requisition for use of, such item of Equipment which shall have resulted in the loss of possession of such item of Equipment for 180 consecutive days or more; or (f) the theft or disappearance of such item of Equipment which shall have resulted in the loss of possession of such item of Equipment by the Lessee for 60 consecutive days or more.

"Excluded Payments" means (a) indemnity payments (i) paid or payable by the Lessee to or on behalf of the Owner as Rent (specifically including any Rent required to be paid by the Lessee to the Owner pursuant to Article 20 of the Lease or Sections 8.2 or 8.3 of the Participation Agreement), (ii) paid or payable by the Owner or the Lessee to the Indenture Trustee in its individual capacity under the Lease, the Indenture or the Participation Agreement, or (iii) paid or payable by the Lessee to the Bank under any Operative Document, (b) proceeds of public liability insurance in respect of the Equipment payable to the Indenture Trustee or the Bank as a result of insurance claims paid, or losses suffered, by the Indenture Trustee in its individual capacity or by the Bank, (c) adjustments to Basic Rent and Stipulated Loss Value as a result of an Additional Investment pursuant to Section 8.1 of the Lease to reflect certain Transaction Costs and (d) amounts payable pursuant to Section 3(d)(iv) of the Purchase Agreement Assignment.

"Execution Date" means October 8, 1987.

"Funding Date" means December 22, 1987, or such later date as may be established pursuant to Section 2.3 of the Participation Agreement.

"Indemnified Persons" means the Indenture Trustee (in its individual and fiduciary capacities), the Indenture Estate, the Owner, the Bank, each Owner Participant and each holder of a

Lender Note and their respective successors, assigns, agents, servants and employees.

"Indemnitees" has the meaning specified in Section 10(b) of the Participation Agreement.

"Indenture" means the Trust Indenture and Security Agreement, dated as of the Execution Date, between the Owner and the Indenture Trustee, substantially in the form of Exhibit B to the Participation Agreement, as such Trust Indenture and Security Agreement may from time to time be supplemented, amended or modified in accordance with the terms thereof, including, without limitation, supplementation thereof by one or more Trust Indenture Supplements.

"Indenture Estate" means the property granted to the Indenture Trustee pursuant to the Granting Clause of the Indenture (but excluding from the Indenture Estate all Excluded Payments).

"Indenture Trustee" means The Connecticut Bank and Trust Company, National Association, a national banking association, having that name on the Execution Date, not in its individual capacity (except as set forth in the Participation Agreement) but solely as indenture trustee under the Indenture, and, to the extent permitted by the Indenture, its successors and assigns.

"Interest Deductions" has the meaning specified in Section 20.3(b) of the Lease.

"Lease" means the Lease Agreement, dated as of the first Delivery Date, between the Owner, as lessor, and the Lessee, as lessee, substantially in the form of Exhibit A to the Participation Agreement, as such Lease Agreement may from time to time be amended, modified or supplemented in accordance with the terms thereof and of the Indenture, including, without limitation, supplementation thereof by one or more Lease Supplements entered into pursuant to the applicable provisions thereof.

"Lease Supplement" means a Lease Supplement, dated as of a Delivery Date, between the Lessor and the Lessee, substantially in the form of Exhibit A to the Lease, with respect to a Lease Supplement delivered pursuant to Section 2.1 of the Lease, or in such form, with appropriate modification, with respect to a Lease Supplement delivered pursuant to any other provision of the Lease.

"Lease Term" means the term, including the Renewal Term, if any, for which any item of the Equipment is leased under the Lease.

"Lender Notes" means the Notes, each to be substantially in the form therefor set forth in Section 2.01(b) of the Indenture, issued by the Owner pursuant to Section 2.02(b) of the Indenture to the Original Noteholders in the principal amounts, bearing interest at the rates and payable as to principal and interest as provided in said Section 2.02(b) and secured as provided in the Granting Clause of the Indenture, and shall include any Lender Notes issued in exchange therefor or in replacement thereof pursuant to Sections 2.07 or 2.08 of the Indenture.

"Lessee" means Massachusetts Bay Transportation Authority, a body politic and corporate and a political subdivision of the Commonwealth, and its successors and, to the extent permitted by the Lease, assigns.

"Lessee Note" means the Note, to be substantially in the form therefor set forth in Section 2.01(a) of the Indenture, issued by the Owner pursuant to Section 2.02(a) of the Indenture to the Lessee in the principal amount, bearing interest at the rate and payable as to principal and interest as provided in said Section 2.02(a) and secured as provided in the Granting Clause of the Indenture, and shall include any Lessee Note issued in exchange therefor or in replacement thereof pursuant to Sections 2.07 or 2.08 of the Indenture.

"Lessor" or "Owner" means The Connecticut National Bank, a national banking association, not in its individual capacity but solely as owner trustee under the Owner Trust Agreement, until a successor owner trustee shall have become such, and thereafter "Lessor" and "Owner" shall mean such successor owner trustee.

"Lessor's Cost", as of any date means, with respect to any item of Equipment, the Lessor's Purchase Price thereof plus Transaction Costs, as such aggregate amount may be adjusted to reflect each Additional Investment or Reduced Investment pursuant to Section 8.1 of the Lease.

"Lessor Lien" means any Lien or disposition of title which results from a claim against the Bank or the Owner that is not a claim against the Lessee and either (a) results from claims against the Bank, the Owner or any Owner Participant not related to the Overall Transaction, (b) results from an affirmative act of the Bank, the Owner or any Owner Participant which is neither required or permitted to be taken by the Bank, the Owner or any Owner Participant pursuant to a provision of any Operative Document nor consented to by the Lessee nor taken as a result of the occurrence and continuance of an Event of Default as permitted under the Lease, or (c) results from nonpayment by the Bank, the Owner or any Owner Participant of any taxes imposed on such Person or the consolidated group of taxpayers of which such Person is a part which the Lessee is

not required to indemnify against pursuant to any of the Operative Documents or is so required and has made such indemnification payment.

"Lessor's Purchase Price" means, with respect to any item of Equipment, the amount specified as such in the applicable Lease Supplement, being the sum of (a) an amount equal to the aggregate payments for such item of Equipment made to the Manufacturer by the Owner pursuant to the Purchase Agreement on or prior to the Delivery Date thereof, as specified in invoices, and (b) any taxes applicable to the purchase of such item of Equipment by the Owner which must be capitalized for Federal tax purposes, including, without limitation, sales, use, excise or similar taxes. In no event shall the Lessor's Purchase Price exceed an amount equal to what would have been such item's adjusted basis for Federal income tax purposes, as determined under Part II of Subchapter O of Chapter 1 of the Code for purposes of determining gain in the hands of the Lessee immediately prior to the applicable Delivery Date had the Lessee purchased such item of Equipment and sold it to the Lessor in a sale/lease-back transaction.

"Lien" means any mortgage, pledge, lien, charge, encumbrance, security interest or lease in the nature thereof (including any conditional sale agreement, equipment trust agreement or other title retention agreement).

"Majority in Interest of Owner Participants" means all of the Owner Participants.

"Majority Noteholders", as of a particular date of determination, means the Noteholders holding more than 50% in aggregate unpaid principal amount of all Lender Notes, if any, outstanding as of such date. If one or more but less than all of the Lender Notes are owned or controlled by an Owner Participant (or an Affiliate thereof), then the other Noteholders who are not Owner Participants (or Affiliates thereof) shall have sole power to vote such Notes and to take other similar action with respect thereto (such power to be divided among such other Noteholders based on the respective unpaid aggregate principal amount of Notes held by each of them).

"Manufacturer" means General Motors Corporation, a Delaware corporation, and its successors and assigns.

"Net Economic Return" has the meaning specified in Section 8.1 of the Lease.

"Nonqualification Condition" means, with respect to the Equipment or any item or Part thereof, the existence, at or as of the time of any Delivery Date when the Lessor purchases such Equipment or item or Part thereof and leases the same to the Lessee, of any fact, circumstance, condition or event that

causes or results in a failure of qualification of the intended lease of the Equipment, or any item or Part thereof, under the Lease and any Lease Supplement, as a lease that is characterized as a lease under provisions of Section 168(f)(8) of the Code and the Regulations under such Section (including without limitation Regulations Sections 5c.168(f)(8)-1 through 5c.168(f)(8)-8, as such provisions are applicable to "qualified mass commuting vehicles" as defined in Section 103(b)(9) of the Code) thereunder including but not limited to a failure of qualification under Regulations Section 5c.168(f)(8)-6(b)(3) relating to mass commuting vehicles.

"Notes" means the Lessee Note and the Lender Notes.

"Noteholders" means the Original Noteholders and the Lessee (only so long as such Person is the registered holder of a Note) and each other holder from time to time of a Note.

"Obsolete Parts" has the meaning specified in Article 6 of the Lease.

"Officer's Certificate" means (a) with respect to the Lessee, a certificate executed on behalf of the Lessee by its duly authorized Chairman, General Manager, Treasurer-Controller or General Counsel (or by any duly authorized person holding any such office in an "Acting" capacity), signing alone; (b) with respect to an Owner Participant or the Indenture Trustee, a certificate executed on behalf of an Owner Participant or the Indenture Trustee, as the case may be, by its duly authorized Chairman, President, any Vice President, any Assistant Vice President or (solely in the case of the Original Owner Participant) any Treasurer or Assistant Treasurer, signing alone; and (c) with respect to the Owner, a certificate executed on behalf of the Owner by the duly authorized Chairman or President of the Bank or any Vice President or any Assistant Vice President or any Trust Officer or Corporate Trust Officer of the Bank, signing alone.

"Operative Documents" means the Participation Agreement, the Indenture, the Lease, the Contract for Financial Assistance, the Owner Trust Agreement, the Purchase Agreement and the Purchase Agreement Assignment.

"Original Noteholders" means Massachusetts Mutual Life Insurance Company, a Massachusetts corporation, and MML Pension Insurance Company, a Delaware corporation.

"Original Owner Participant" means General Motors Acceptance Corporation, a New York corporation.

"Original Participation", of a Participant in the Equipment, means the amount paid by such Participant pursuant

to Section 2 of the Participation Agreement as such Participant's participation in the payment of the cost of the Equipment.

"Overall Transaction" means the manufacture, purchase, ownership, financing, leasing, operation, maintenance, storage, return and disposition of the Equipment as described and contemplated by the Operative Documents.

"Overdue Interest Rate" means the rate per annum equal to the sum of 1 percentage point plus the higher of (i) the Base Rate or (ii) 10% per annum.

"Owner" or "Lessor" means The Connecticut National Bank, a national banking association not in its individual capacity but solely as owner trustee under the Owner Trust Agreement, until a successor owner trustee shall have become such, and thereafter "Owner" or "Lessor" shall mean such successor owner trustee.

"Owner Estate" has the meaning set forth in Section 2.2(b) of the Owner Trust Agreement.

"Owner Participants" means the Original Owner Participant (only until it shall have disposed of all of its interest under the Owner Trust Agreement and the Participation Agreement in accordance with Section 9.1 of the Owner Trust Agreement) and any Person which shall become and be an Owner Participant under the Owner Trust Agreement and the Participation Agreement in accordance with such Section 9.1.

"Owner Trust" means the trust established pursuant to the Owner Trust Agreement.

"Owner Trust Agreement" means the Owner Trust Agreement, dated as of the Execution Date, between the Original Owner Participant and the Bank, as such Owner Trust Agreement may from time to time be supplemented, amended or modified in accordance with the terms thereof.

"Participants" means the Owner Participants and the Noteholders (other than the Lessee).

"Participation Agreement" means the Participation Agreement, dated as of the Execution Date, among the Lessee, the Bank, the Owner, the Lessor, the Original Noteholders and the Indenture Trustee, as such Participation Agreement may from time to time be supplemented, amended or modified in accordance with the terms thereof.

"Parts" means all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature so long as the same shall be incorporated or installed in or attached to any item of Equipment or so long as

title thereto shall remain vested in the Lessor in accordance with Section 5.3 or Article 6 of the Lease after removal from such item of Equipment; provided, that in no event shall any appliance, part, instrument, appurtenance, accessory, furnishing or other equipment that does not become a portion of the Equipment, in accordance with Section 5.3 or Article 6 of the Lease, constitute a Part.

"Permitted Liens" means (a) the Lien of the Indenture, (b) the subordinate rights of others under agreements or arrangements to the extent expressly permitted by the terms of Section 4.2 of the Lease and Sections 4.01 and 7.01 of the Indenture, (c) Lessor Liens, (d) Liens which arise from acts of or claims against the Noteholders or the Indenture Trustee not related to any transaction contemplated by the Overall Transaction, (e) Liens for taxes, assessments, charges or other governmental levies either not yet due or being contested in good faith by appropriate proceedings promptly initiated and diligently prosecuted but only so long as (i) such proceedings do not involve any material danger of the sale, forfeiture or loss of any item of Equipment, or any interest therein, and (ii) adequate reserves are maintained in accordance with applicable accounting principles with respect to such Liens, (f) materialmen's, mechanics', carriers', workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of business for amounts the payment of which is not overdue for a period in excess of 30 days or is being contested in good faith by appropriate proceedings promptly initiated and diligently prosecuted but only so long as (i) such proceedings do not involve any danger of the sale, forfeiture or loss of any item of Equipment, or any interest therein and (ii) adequate reserves are maintained in accordance with applicable accounting principles with respect to such Liens, and (g) Liens arising out of judgments or awards against the Lessee with respect to which an appeal or proceeding for review is being diligently prosecuted in good faith and with respect to which a stay of execution shall have been secured or an appeal bond shall have been filed pending such appeal or proceeding for review but only so long as (i) such proceedings do not involve any danger of the sale, forfeiture or loss of any item of Equipment, or any interest therein, and (ii) adequate reserves are maintained in accordance with applicable accounting principles with respect to such judgments or awards.

"Person" means an individual, a corporation, a partnership, an unincorporated organization, an association, a joint stock company, a joint venture, a trust, an estate, a government or any agency or political subdivision thereof or any other entity.

"Purchase Agreement" means the Agreement, dated September 25, 1986, between the Manufacturer and the Lessee, as amended, modified and supplemented on or prior to the first Delivery Date, providing, among other things, for the manufacture by the

Manufacturer and sale to the Lessee of the Equipment, as such Agreement may thereafter from time to time be amended, modified or supplemented in accordance with the applicable provisions thereof and of the Purchase Agreement Assignment.

"Purchase Agreement Assignment" means the Purchase Agreement Assignment, dated as of the first Delivery Date, between the Lessee and the Lessor (together with the Consent and Agreement of the Manufacturer attached thereto), substantially in the form of Exhibit D to the Participation Agreement, assigning to the Lessor certain of the Lessee's right, title, and interest in, to and under the Purchase Agreement with respect to the Equipment, as such Purchase Agreement Assignment may from time to time be supplemented, amended or modified to the extent permitted by and in accordance with the terms thereof and of the Indenture.

"Purchase Equipment" has the meaning specified in Section 2.3 of the Lease.

"Reduced Investment" has the meaning specified in Section 8.1 of the Lease.

"Regulations" means the Treasury Regulations, as amended, promulgated under the Code or other Federal tax statutes (as referred to in clause (i) of the definition of "Tax Laws" in this Schedule X) by the Treasury Department of the United States of America.

"Renewal Equipment" has the meaning specified in Section 2.5 of the Lease.

"Renewal Rent" means the fair market rental value of the Renewal Equipment as determined pursuant to Section 2.6 of the Lease.

"Renewal Term" means the period beginning on January 1, 2013, and ending on December 31, 2017, or such earlier date as the Lease shall be terminated as provided in the Lease.

"Rent" means Basic Rent, Renewal Rent and Supplemental Rent.

"Rent Payment Date" means July 1, 1988, and each January 1 and July 1 thereafter, to and including the last such date included within the Lease Term (unless the last such date is December 31 of any year, in which case the related Rent Payment Date shall be January 1 of the next year).

"Stipulated Loss Value" as of any date through and including December 31, 2017, means, with respect to any item of Equipment, an amount determined by multiplying Lessor's Purchase Price thereof by the percentage specified in Exhibit B to the Lease opposite the Stipulated Loss Value Date with

respect to which the amount is determined, subject to adjustment with respect to the Basic Term as provided in Sections 8.1 and 8.5 of the Lease; provided, however, that during the Renewal Term, Stipulated Loss Value shall be, with respect to any item of Equipment, an amount determined by multiplying Lessor's Purchase Price thereof by the percentage specified in such Exhibit B opposite the January 1, 2013 Stipulated Loss Value Date. Anything contained in the Lease (including Exhibit B thereto) to the contrary notwithstanding, the Stipulated Loss Value for the Equipment as of each such date shall in no event be less than an amount at least sufficient to pay in full the aggregate unpaid principal amount of all outstanding Notes, together with the accrued and unpaid interest thereon as of such date.

"Stipulated Loss Value Date" means the first Delivery Date and each date set forth on Exhibit B to the Lease.

"Substitute Equipment" has the meaning set forth in Section 10.2 of the Lease.

"Supplemental Rent" means any and all amounts, liabilities and obligations (other than Basic Rent and Renewal Rent) which the Lessee assumes or agrees to pay to or as directed by the Lessor under any of the Operative Documents, including, without limitation, Stipulated Loss Value and interest (including any payments at the Overdue Interest Rate) and indemnity payments, including, without limitation, any such payments pursuant to Sections 8.2 or 8.3 of the Participation Agreement and Article 20 of the Lease.

"Tax" means any and all fees (including, without limitation, documentation, license, recording, filing and registration fees), taxes (including, without limitation, income, franchise, gross receipts, value added, turnover, sales, use, property (tangible and intangible) and stamp taxes), levies, assessments, imposts, duties, charges or withholdings of any nature whatsoever, as now or hereafter existing, imposed by any jurisdiction or taxing authority including, without limitation, the United States of America, and the Commonwealth, and any political subdivision or taxing authority thereof at any time existing, together with any and all penalties, fines, additions to tax and interest thereon.

"Tax Assumptions" means those tax assumptions set forth in Section 20.3 of the Lease.

"Tax Laws" means, with reference to any date or any period, (i) all Federal tax statutes, including, without limitation, (A) the Code, and (B) all other Federal tax statutes, such as but not limited to Revenue Acts and also including any Federal tax provisions included in any Public Law or other Federal statute, that are in force and effect with respect to such date or period; and (ii) all rules and

regulations, including, without limitation, Treasury Regulations and Temporary Regulations, whether legislative regulations, statutorily authorized implementing regulations, interpretive rules and regulations, and procedural rules and regulations, that are at any time promulgated and in force and effect with respect to such date or period under a Federal tax statute that is in force and effect and applicable to such date or period, and includes, without limitation, revenue rulings or similar authority that may be cited as precedent.

"Term" means the term for which any item of Equipment is leased pursuant to the Lease.

"Transaction Costs" means all of the reasonable costs and expenses incurred by the Indenture Trustee, the Bank, the Owner or any of the Participants in connection with the negotiation, preparation, printing, execution and delivery of the Operative Documents and the Notes and in connection with the transactions contemplated thereby, all of which shall be evidenced by appropriate bills or invoices, including, without limitation:

(i) the reasonable fees, expenses and disbursements of (A) Messrs. Honigman Miller Schwartz and Cohn, special counsel for the Original Owner Participant, (B) Messrs. Choate, Hall & Stewart, special counsel for the Original Noteholders, (C) Messrs. Day, Berry & Howard, special counsel for the Indenture Trustee, and (D) Messrs. Shipman & Goodwin, special counsel to the Bank and the Owner;

(ii) the initial fees and expenses and disbursements of the Indenture Trustee and the Owner;

(iii) the fees, expenses and disbursements of Connell Finance Company, Inc., as agent to the Lessee;

(iv) document production costs in connection with the Operative Documents;

(v) the costs of the appraisal referred to in Section 5(n) of the Participation Agreement; and

(vi) the fees, expenses and disbursements of an appraiser/consultant engaged by the Original Owner Participant to review the Operative Documents.

The fees, expenses and disbursements payable to counsel for the Lessee (other than reasonable out-of-pocket expenses incurred in production of the Operative Documents) shall not be part of Transaction Costs and shall be paid by the Lessee.

"Transfer" means the transfer of all right, title and interest of the Lessor in the property being transferred, free and clear of the Lien of the Indenture (if the Indenture Trustee shall be required to release the Lien of the Indenture

pursuant to the terms thereof) and of any Lessor Liens, but otherwise without recourse, representation or warranty whatsoever, express or implied, except as to the nonexistence of any Lessor Liens, which warranty shall be repeated at the time of such transfer and shall survive such transfer.

"Trust Indenture Supplement" means a supplement to the Indenture, in substantially the form of Exhibit A to the Indenture, that, pursuant to the Granting Clause of the Indenture, shall create a first mortgage and security interest on the items of Equipment referred to therein and assign and pledge the related Lease Supplement executed and delivered pursuant to the Lease to the Indenture Trustee as part of the Indenture Estate.