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INTERSTATE COMMERCE COMMISSION

DEC 22 1988 2-1 5 PM

RECORD NO. 1 6100 / Mod 1425

December 22, 1988

No.

8-357A083

Date

DEC 22 1988

Fee \$

13.00

ICC Washington, D. C.

Ms. Noretta R. McGee
Secretary
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Room 1324
Washington, D.C.

Dear Secretary:

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

This document is an Equipment Trust Agreement, a primary document, dated December 1, 1988.

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

The Connecticut National Bank
777 Main Street
Hartford, Connecticut 06115

and

Massachusetts Bay Transportation
Authority
Transportation Building
Ten Park Plaza
Massachusetts 02116

DEC 22 2 05 PM '88

A description of the Equipment covered by the document is attached as Annex A.

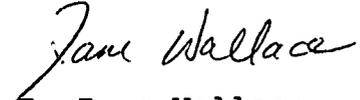
A fee of \$13.00 is enclosed. Please stamp and return the original not needed by the Commission for recordation to the undersigned.

Ms. Noreta R. McGee
December 22, 1988
Page 2

A short summary of the document to appear in the index follows:

Equipment Trust Agreement between
The Connecticut National Bank and
Massachusetts Bay Transportation
Authority, dated as of December 1, 1988,
covering 30 Messerschmitt Boelkow-Blohm
Commuter Rail Coaches.

Very truly yours,


E. Jane Wallace

Enclosures

Thirty (30) commuter rail coaches manufactured by Messerschmitt-Boelkow-Blohm GmbH as described below (the "Equipment"), together with all additions, attachments, accessions and substitutions to or for the Equipment and in any proceeds of the Equipment, and each having the A.A.R. Mechanical Designation of "PA":

Manufacturer's
Identification
Number

02-142
02-143
02-144
02-145
02-146
02-147
02-148
02-149
02-150
02-151
02-152
02-153
02-154
02-155
02-156

02-125
02-126
02-127
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02-136
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02-139
02-133

INTERSTATE COMMERCE COMMISSION

DEC 22 1988 2-1 5 PM

1 6100

REGISTRATION NO. FROD 1425

EQUIPMENT TRUST AGREEMENT

Dated as of December 1, 1988

between

THE CONNECTICUT NATIONAL BANK

and

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY

30 Messerschmitt - Boelkow - Blohm Commuter Rail Coaches

EQUIPMENT TRUST AGREEMENT

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SCHEDULE X - DEFINITIONS

[EQUIPMENT TRUST AGREEMENT]

THIS EQUIPMENT TRUST AGREEMENT dated as of December 1, 1988 is executed by and between THE CONNECTICUT NATIONAL BANK, a national banking association, and MASSACHUSETTS BAY TRANSPORTATION AUTHORITY, a body corporate and politic, organized and existing under the laws of The Commonwealth of Massachusetts.

W I T N E S S E T H :

WHEREAS, the MBTA has determined that the accomplishment of its statutory purposes under the Act requires the partial replacement and substantial expansion of its fleet of commuter railcars, and the financing of such replacement and expansion, and desires to accomplish these objectives upon the most financially advantageous basis possible; and

WHEREAS, the MBTA is authorized by the Act, consistent with the constitution and laws of the Commonwealth, to buy, sell, lease, pledge and otherwise deal with real and personal property incident to carrying out its statutory purposes; and

WHEREAS, in order to further these purposes, the ETA Trustee will, at the direction of the MBTA, issue and cause to be delivered against payment therefor the Certificates, as described herein and pursuant to the terms and conditions hereof;

NOW, THEREFORE, in accordance with the mutual covenants and agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Capitalized terms and phrases used herein shall for all purposes of this Agreement, including the preceding recitals, have the respective meanings specified therefor in Schedule X hereto.

Section 1.2 Interpretations. All references in this instrument to designated "Articles," "Sections" and

other subdivisions are, unless otherwise specified, to the designated Articles, Sections and subdivisions of this instrument as originally executed. The words "hereof," "herein," "hereto," "hereby," and "hereunder" (except in the forms of the Certificates) refer to this entire Agreement. Words importing persons include firms, associations and corporations; all words importing the singular number include the plural number and vice versa; and all words importing the masculine gender include the feminine gender.

ARTICLE I-A

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 1-A.1 Representations, Warranties and Covenants by ETA Trustee. CNB represents, warrants and covenants to MBTA that:

(a) CNB is a national banking association duly organized and validly existing under the laws of the United States. CNB is authorized to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. CNB has been duly authorized to execute and deliver this Agreement. CNB agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(b) ETA Trustee is authorized, and will take all necessary action on its part to be taken, to issue the Certificates.

(c) The execution and delivery of this Agreement, the Municipal Lease and the Municipal Sublease, the consummation of the transactions described herein and therein, and the fulfillment of or compliance with the terms and conditions of this Agreement, the Municipal Lease and the Municipal Sublease will not conflict with or result in a breach of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which CNB is now a party or by which it is bound, or constitute a default under any of the foregoing.

(d) No Government Approval of any Governmental Authority under the laws of the State of Connecticut or the United States of America governing the banking and trust powers of CNB, and no filing, recording, publication or registration in any public office or any other place, is

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required under the laws of the State of Connecticut or the United States of America governing the banking and trust powers of CNB to authorize the execution, delivery and performance by CNB, or the ETA Trustee, as the case may be, of this Agreement, the Municipal Lease or the Municipal Sublease.

(e) Immediately after the Closing (after giving effect thereto), the ETA Trustee shall have acquired the interest in the Equipment which was intended to be conveyed to it pursuant to the Municipal Lease, and shall have subleased the Equipment to MBTA pursuant to the Municipal Sublease.

(f) CNB agrees that it will not directly or indirectly cause, create, incur, assume or suffer to exist any Lessor Lien attributable to it on or with respect to any Item of Equipment, the Municipal Lease, the Municipal Sublease, any interest therein or any portion of the Equipment, the Municipal Lease or the Municipal Sublease and that it will promptly cause any such Lien to be discharged at its own expense; and CNB agrees to indemnify, protect, save and keep harmless MBTA from and against any reduction in the amount payable out of the Municipal Lease or the Municipal Sublease or any other loss, cost or expense (including legal fees and expenses) incurred by MBTA as a result of the imposition or enforcement of any such Lessor Lien attributable to it.

Section 1-A.2 Representations, Warranties and Covenants by MBTA. MBTA represents, warrants and covenants to ETA Trustee that:

(a) MBTA is a public body corporate and politic duly organized and existing under the Constitution and laws of the Commonwealth. Under the Act, MBTA has power to enter into this Agreement, the Municipal Lease and the Municipal Sublease and to carry out its obligations hereunder and thereunder, and has duly authorized the execution and delivery of this Agreement, the Municipal Lease and the Municipal Sublease.

(b) The execution and delivery of this Agreement, the Municipal Lease and the Municipal Sublease the consummation of the transactions described herein and therein, and the fulfillment of or compliance with the terms and conditions of this Agreement, the Municipal Lease and the Municipal Sublease will not conflict with or result in a

[EQUIPMENT TRUST AGREEMENT]

breach of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which MBTA is now a party or by which it is bound, or constitute a default under any of the foregoing.

(c) Immediately prior to the execution of this Agreement, MBTA was the owner of the Equipment and its title thereto was subject to no liens or encumbrances other than Permitted Liens.

(d) Except for the filings of financing statements (and continuation statements with respect to such financing statements) and submissions to the Interstate Commerce Commission in accordance with Article XII hereof, no Government Approval of any Governmental Authority (other than as has already been obtained) is now, or in the future will be (in either case, under existing United States law), required or necessary to authorize the execution, delivery and performance of this Agreement, the Municipal Lease and the Municipal Sublease, or for the legality, validity, binding effect or enforceability thereof or (except for action to be taken from time to time by the Advisory Board and the general court of the Commonwealth) for the making of any payment or the transfer or the remittance of any funds to be made thereunder or in order to establish and perfect the interest in the Equipment of the ETA Trustee as against third parties.

(e) MBTA shall not consolidate with or merge into any other entity or convey, transfer or lease substantially all of its assets as an entirety to any Person, unless:

(i) the entity formed by such consolidation or into which MBTA is merged or the person which acquired by conveyance, transfer or lease substantially all of the assets of MBTA as an entirety (A) shall be an entity organized and existing under the laws of the United States of America or any state thereof or the District of Columbia and (B) shall execute and deliver to the ETA Trustee an agreement satisfactory in form and substance to the ETA Trustee containing an effective assumption by such successor entity of the due and punctual performance and observance of each covenant and condition to be performed or observed by MBTA under the terms of and all liabilities, obligations and duties of MBTA with

[EQUIPMENT TRUST AGREEMENT]

respect to this Agreement, the Lease and the Municipal Sublease;

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

(iii) MBTA shall have delivered to the ETA Trustee a certificate signed by two officers, one of which shall be the General Manager, and one of which shall be the Treasurer-Controller or the General Counsel of MBTA, and an opinion of MBTA's General Counsel or other counsel selected by MBTA and satisfactory to the ETA Trustee, each stating (A) that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in clause (i) above comply with this Section 1-A.2(e), (B) that all conditions precedent herein relating to such transfer have been complied with and (C) that the new sublessee has the power and authority to operate the Equipment and perform its obligations under this Agreement, the Lease and the Municipal Sublease;

(iv) such transaction shall not adversely affect the exclusion from gross income for Federal income tax purposes of the interest component of the payments with respect to Certificates and MBTA shall furnish or cause to be furnished to the ETA Trustee an opinion of Special Counsel to that effect; and

(v) after taking into account the effect of the protections afforded to the ETA Trustee by the Contract Clause of the United States Constitution, the credit support of the Commonwealth in respect of MBTA as provided by the Contract for Financial Assistance and the Contract Assistance Provisions shall remain substantially in full force and effect.

Upon any consolidation or merger, or any conveyance, transfer or lease of substantially all of the assets of MBTA as an entirety in accordance with this Section 1-A.2(e), the successor entity formed by such consolidation or into which MBTA is merged or to which such conveyance, transfer or lease is made shall succeed to, and be

substituted for, and may exercise every right and power of, and shall be bound to perform every duty and obligation of MBTA under this Agreement, the Lease and the Sublease with the same effect as if such successor entity had been a party thereto. Nothing contained herein shall permit any lease, sublease or other arrangement for the use, operation or possession of the Equipment except in compliance with the applicable provisions of the Municipal Sublease.

ARTICLE II

CONCERNING THE CERTIFICATES

Section 2.1 Authorization and Terms of Certificates. There is hereby created for issuance under this Agreement an issue of Certificates of Participation ("Certificates"). The Certificates shall each evidence an interest in all of the right, title and interest of the ETA Trustee in the Municipal Lease, the Municipal Sublease, and the Rental Payments, shall each be substantially in the form of Exhibit A or Exhibit B annexed hereto and made a part hereof, with appropriate insertions, omissions and variations, and shall be dated and numbered and shall have principal and interest components as more particularly set forth in Section 2.8. Certificates having an aggregate amount of principal components not exceeding \$28,565,000 shall be issued hereunder upon receipt by the ETA Trustee of the following:

- (i) An original duly executed counterpart of this Equipment Trust Agreement;
- (ii) An original duly executed counterpart of the Municipal Lease;
- (iii) An original duly executed counterpart of the Municipal Sublease;
- (iv) A request and authorization to the ETA Trustee on behalf of the MBTA and signed by an Authorized Officer of the MBTA to execute and deliver such Certificates to the purchaser or purchasers therein identified upon payment to the ETA Trustee, but for the account of the MBTA, of a sum specified in such request and authorization plus any accrued interest thereon, calculated at the rate stated thereon as the interest rate for the interest component thereof to the date of delivery; and

(v) The payment or payments to be received from the purchaser or purchasers identified in the request and authorization referred to in clause (iv) above; and

(vi) An opinion of Special Counsel in substantially the form attached hereto as Exhibit C.

Section 2.2 Place, Manner and Source of Payment of Certificates. (a) The principal and interest components of the Rental Payments, as represented by the Certificates to be issued hereunder, shall be payable to the Owners thereof in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts therein.

(b) The interest component of Certificates shall be calculated on the basis of a 30-day month and a 360-day year. The interest component of Certificates shall be calculated from December 15, 1988 in the case of a Certificate executed prior to July 15, 1989. The interest component of Certificates executed on or subsequent to July 15, 1989 shall be calculated from the Interest Payment Date next preceding the date of execution thereof, unless such date of execution shall be an Interest Payment Date to which the interest component of the Certificates has been paid or duly provided for, in which case such interest component shall be calculated from such date of execution; provided, however, that if a Certificate is executed between a Record Date and the next succeeding Interest Payment Date, the interest component of such Certificate shall be calculated from such succeeding Interest Payment Date; provided further, however, that if at the time of execution of any Certificate payment of interest components shall be in default, the interest component of such Certificate shall be calculated from the date to which the interest component of such Certificate has been paid in full or, if no interest component has been paid with respect to such Certificate, the date of execution thereof.

(c) The principal component of a Certificate shall be paid on the Principal Payment Date for such Certificate and the interest component shall be paid on each Interest Payment Date (or if any such Principal or Interest Payment Date is not a Business Day, then on the next preceding Business Day). The payment of the interest component of a Certificate shall be by check mailed by the ETA Trustee to the Owner of a Certificate as shown on the

[EQUIPMENT TRUST AGREEMENT]

Certificate Register maintained by the ETA Trustee at the close of business on the Record Date, and at the address appearing on the Certificate Register; provided, however, if an Owner (i) requests, prior to the relevant Record Date, that the ETA Trustee make payment of the interest component of such Certificate in a manner other than as set forth above, and the ETA Trustee agrees to make such payment in the manner requested, and (ii) pays the ETA Trustee in advance for any costs that the ETA Trustee incurs in complying with such request, then the ETA Trustee shall make payment with respect to such Certificate in accordance with such Owner's request. The principal component of a Certificate shall be paid upon surrender thereof to the ETA Trustee at its principal corporate trust office.

Section 2.3 Execution of Certificates. (a) Certificates shall be manually executed on behalf of the ETA Trustee by an Authorized Officer of the ETA Trustee. The ETA Trustee's seal shall be reproduced on the Certificates and shall be attested by an Authorized Officer of the ETA Trustee (or other authorized person), whose signature may be facsimile.

(b) If the officer of the ETA Trustee attesting to the ETA Trustee's seal no longer holds that office at the time the Certificate is executed on behalf of the ETA Trustee, the Certificate shall be valid nevertheless.

(c) A Certificate shall not be valid until executed on behalf of the ETA Trustee by the manual signature of the officer of the ETA Trustee specified in the first sentence of Section 2.3(a) hereof. Such signature shall be conclusive evidence that the Certificate has been executed under this Agreement.

Section 2.4 Registration, Exchange and Transfer of Certificates; Certificate Register. (a) The ETA Trustee shall keep or cause to be kept at its principal corporate trust office books for the registration, exchange and transfer of Certificates in the manner provided therein and herein so long as any of such Certificates shall remain Outstanding. No transfer of Certificates shall be valid unless made by the Owner in person or by its duly authorized attorney at the principal corporate trust office of the ETA Trustee, upon surrender of such Certificates accompanied by a duly executed instrument of transfer in form and with guaranty of signature satisfactory to the ETA Trustee. Upon such transfer a new fully registered Certificate or

[EQUIPMENT TRUST AGREEMENT]

Certificates of the same maturity, in authorized denominations, and bearing the same rate of interest shall be issued to the transferee.

(b) The ETA Trustee shall exchange, register or transfer or cause to be exchanged, registered or transferred Certificates, as herein provided, under such reasonable regulations as it may prescribe. At the option of the Owner, Certificates may be exchanged for other Certificates of any other authorized denomination or denominations of a like aggregate principal amount and maturity, upon surrender of the Certificates to be exchanged at the principal corporate trust office of the ETA Trustee. Whenever any Certificates are so surrendered for exchange, the ETA Trustee shall execute and deliver the Certificates which the Owner making the exchange is entitled to receive. The ETA Trustee shall serve as the registrar for the purpose of registering, exchanging and transferring the Certificates. The books kept pursuant to this Section are herein referred to as the Certificate Register.

(c) Registration and transfer of registration of Certificates authorized under this Section 2.4 shall be made without charge to the Owner of any Certificate; provided, that the Owner, as a condition precedent to the exercise of such privilege, shall pay any taxes, fees or other governmental charges imposed thereon.

Section 2.5 Book-Entry Only System. (a) Certificates of Participation may, at the direction of MBTA, be issued in the form of a separate single fully registered Certificate for each maturity in substantially the form of Exhibit B hereto. On the date of original delivery thereof, such Certificates shall be registered in the Certificate Register in the name of CEDE & CO., as nominee of DTC. With respect to such Certificates registered in the Certificate Register in the name of CEDE & CO., as nominee of DTC, the MBTA and the ETA Trustee shall have no responsibility or obligation to any DTC Participant or to any Beneficial Owner with respect to the following: (A) the accuracy of the records of DTC, CEDE & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (B) the delivery to any DTC Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the Certificates, including any notice of redemption, or (C) the payment to any DTC Participant, any Beneficial Owner or any other person, other than DTC, of any amount with respect to the Certificates. The ETA Trustee shall make

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payments with respect to the Certificates only to or upon the order of DTC, and all such payments shall be valid and effective fully to satisfy and discharge the obligations with respect to such Certificates to the extent of the sum or sums so paid. No person other than DTC shall receive a Certificate. Upon delivery by DTC to the ETA Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of CEDE & CO., the words "CEDE & CO." in this Agreement shall be read to refer to such new nominee of DTC.

(b) Upon receipt by the MBTA and the ETA Trustee of written notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities, the ETA Trustee shall issue, transfer and exchange Certificates requested by DTC in appropriate amounts and whenever DTC requests the MBTA and the ETA Trustee to do so, the MBTA and the ETA Trustee will cooperate with DTC in taking appropriate action after reasonable notice (A) to arrange for a substitute depository willing and able upon reasonable and customary terms to maintain custody of the Certificates or (B) to make available Certificates registered in whatever name or names the Beneficial Owners transferring or exchanging such Certificates shall designate.

(c) In the event the MBTA determines that it is in the best interest of the Beneficial Owners that they be able to obtain physical certificates representing the Certificates, the MBTA may so notify DTC and the ETA Trustee, whereupon DTC will notify the DTC Participants of the availability through DTC of physical certificates representing the Certificates. In such event, the ETA Trustee shall issue, transfer and exchange physical certificates representing the Certificates as requested by DTC in appropriate amounts and in authorized denominations.

(d) Notwithstanding any other provision of this Agreement to the contrary, so long as any Certificate is registered in the name of CEDE & CO., as nominee of DTC, all payments with respect to such Certificate and all notices with respect to such Certificate shall be made and given, respectively, to DTC as provided in a representation letter in the form required by DTC and acceptable to the ETA Trustee and MBTA.

Section 2.6 Replacement Certificates. Upon receipt by the ETA Trustee of evidence satisfactory to it that any Outstanding Certificate has been mutilated,

[EQUIPMENT TRUST AGREEMENT]

destroyed, lost or stolen, and of indemnity satisfactory to it, the ETA Trustee shall execute and deliver a new Certificate of the same maturity and of like tenor in exchange and in substitution for, and upon surrender and cancellation of, the mutilated Certificate or in lieu of and in substitution for the Certificate so destroyed, lost or stolen.

Any Owner requesting a new Certificate executed and delivered under the provisions of this Section shall pay the expenses, including counsel fees connected with such transfer, which may be incurred by the ETA Trustee in connection therewith. In case any such mutilated, destroyed, lost or stolen Certificate has become or is about to become due and payable, the ETA Trustee, in its discretion, may, instead of issuing a new Certificate, make the payment thereof when such payment is due.

Any Certificate issued under the provisions of this Section 2.6 in lieu of any Certificate alleged to be mutilated, destroyed, lost or stolen shall constitute an original additional direct interest in the Municipal Lease, Municipal Sublease and the Rental Payments, whether or not the Certificate so alleged to be mutilated, destroyed, lost or stolen be at any time enforceable by anyone, and shall be equally entitled to the benefits of this Agreement with the Certificates being replaced.

Section 2.7 Ownership of Certificates. The ETA Trustee shall treat the Owner of any Certificate as the absolute owner of such Certificate for all purposes whether or not such Certificate shall be overdue, and the ETA Trustee shall not be affected by any notice to the contrary. Any consent, waiver or other action taken by the Owner of any Certificate shall be conclusive and binding upon such Owner, its heirs, successors or assigns, and upon all transferees of such Certificates whether or not notation of such consent, waiver or other action shall have been made on such Certificate or on any Certificate issued in exchange therefor.

Section 2.8 Description, Terms and Form of Certificates. (a) Certificates shall be numbered consecutively beginning with R-1.

(b) Certificates shall be dated December 15, 1988.

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(c) Each such Certificate shall, with respect to Rental Payments, represent (i) a principal component payable upon the Principal Payment Date of such Certificate in an integral multiple of \$5,000, which Principal Payment Date and the amount of which principal component shall be stated on the face of such Certificate, and (ii) an interest component payable on each Interest Payment Date up to and including the Principal Payment Date of or earlier Redemption Date with respect to such Certificate, which interest component shall be stated as a simple annual interest rate on the face of such Certificate.

(d) Subject to Section 2.5, the Certificates shall be in substantially the form of Exhibit A attached hereto, with necessary or appropriate variations, omissions and insertions permitted or required by this Agreement.

Section 2.9 Temporary Certificates. Until definitive Certificates are ready for delivery, the ETA Trustee may prepare and execute temporary Certificates. Temporary Certificates shall be substantially in the form of definitive Certificates but may have variations that the ETA Trustee considers appropriate for temporary Certificates. Every temporary Certificate shall be executed and registered by the ETA Trustee upon the same conditions, and with like effect, as a definitive Certificate. The ETA Trustee shall prepare definitive Certificates in exchange for temporary Certificates without unreasonable delay.

Section 2.10 Tax Exemption Covenant. It is the intention of the parties hereto that the portion of each Rental Payment that is designated as interest and is received by the Owners ("Interest") be and remain excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. In order to maintain the exclusion from gross income of the Interest for Federal income tax purposes, MBTA covenants to comply with all requirements of the Code that must be satisfied subsequent to the issuance of an obligation in order that interest thereon be, or continue to be, excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. Without limiting the generality of the foregoing, MBTA covenants (i) that it will not make or permit any use of funds that are or would be treated as proceeds of the Municipal Lease and the Municipal Sublease or of the Certificates for purposes of Section 148 of the Code that would cause Interest to fail or cease to be excluded from gross income for Federal income tax purposes, and (ii) that it will comply with the requirements

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of Section 148(f) of the Code so as to prevent the Municipal Lease and the Municipal Sublease, or the Certificates, from being determined to be arbitrage bonds. In order to implement the foregoing covenants, MBTA agrees to comply with any MBTA Investment Instructions and Rebate Instructions delivered to it by Special Counsel. The covenants set forth in this Section 2.10 shall survive the expiration or termination of this Agreement.

ARTICLE III

MUNICIPAL LEASE; MUNICIPAL SUBLEASE
AND DBX PURCHASE AGREEMENT

Section 3.1 Municipal Lease. (a) The ETA Trustee hereby agrees and is hereby authorized and directed, to execute and deliver to the MBTA the Municipal Lease in substantially the form attached hereto as Exhibit D and to lease the Equipment from the MBTA under and in accordance with the terms thereof, and the MBTA hereby agrees that it will execute and deliver to the ETA Trustee the Municipal Lease in substantially the form attached hereto as Exhibit D and will lease the Equipment to the ETA Trustee under and in accordance with the terms thereof.

(b) As rental for the Equipment during the term of the Municipal Lease, the ETA Trustee hereby agrees to pay to the MBTA the Advance Rental Cost in accordance with the terms of the Municipal Lease.

Section 3.2 Municipal Sublease. (a) The ETA Trustee hereby agrees, and is hereby authorized and directed, to execute and deliver to the MBTA the Municipal Sublease in substantially the form attached hereto as Exhibit E and to sublease the Equipment to the MBTA under and in accordance with the terms thereof simultaneously with the lease of the Equipment to the ETA Trustee pursuant to the Municipal Lease, and the MBTA hereby agrees to execute and deliver to the ETA Trustee the Municipal Sublease in substantially the form attached hereto as Exhibit E and to sublease the Equipment from the ETA Trustee under and in accordance with the terms thereof.

(b) As rental for the Equipment during the term of the Municipal Sublease, the MBTA hereby agrees to pay to the ETA Trustee the Rental Payments in accordance with the terms of the Municipal Sublease and Section 4.4(a) hereof.

Section 3.3 Agreement to Purchase and Lease. The MBTA is hereby authorized to direct the ETA Trustee to execute and deliver, and the ETA Trustee upon receipt of such direction shall execute and deliver, an Agreement to Purchase and Lease by and among the ETA Trustee, the MBTA, DBX, and NEMLC, in substantially the form set forth in Exhibit G hereto.

ARTICLE IV

FUNDS

Section 4.1 Creation of Funds. (a) There are hereby created and established with the ETA Trustee the Certificate Fund and the Equipment Lease Fund. There are hereby created and established within the Equipment Lease Fund an Equipment Account and a Cost of Issuance Account.

(b) There may be established, by a supplement hereto or otherwise as permitted hereby, one or more separate Accounts within any Fund and one or more separate sub-accounts within any Account in any Fund established hereunder.

Section 4.2 Disposition of Proceeds. The proceeds from the sale of the Certificates (net of any underwriter's or placement agent's compensation) shall be deposited into the appropriate Funds concurrently with the delivery thereof, as follows:

(i) into the Certificate Fund the amount, if any, received as the accrued interest component in connection with the issuance of the Certificates, to be applied to payment of the interest component of Certificates on the next succeeding Interest Payment Date;

(ii) into the Equipment Account an amount equal to the Advance Rental Cost; and

(iii) into the Cost of Issuance Account the balance of the proceeds.

Section 4.3 [Reserved]

Section 4.4 Certificate Fund. (a) At or prior to 11:00 a.m., New York time, on each Interest Payment Date, Principal Payment Date and any Redemption Date (or if such

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day is not a Business Day, then on the next preceding Business Day), the MBTA shall pay to the ETA Trustee in immediately available funds for deposit into the Certificate Fund the Rental Payment coming due on the specified Interest Payment Date, Principal Payment Date or Redemption Date.

(b) On each Interest Payment Date, Principal Payment Date and any Redemption Date, the ETA Trustee shall disburse to the Owners an amount sufficient to make all payments of the principal and interest components of the Certificates due on such date from moneys in the Certificate Fund.

(c) The ETA Trustee shall deposit in the Certificate Fund (i) amounts received from the MBTA in accordance with clause (a) above; (ii) amounts transferred from the Equipment Lease Fund in accordance with Section 4.5 hereof; and (iii) such other amounts as provided in this Agreement or in the Municipal Sublease. Such amounts shall be applied to the payment of the principal and interest components of the Certificates when due as set forth in clause (b) above.

(d) If an Event of Loss shall have occurred with respect to an Item of Equipment and MBTA shall have elected or been deemed to have elected to proceed under Section 7.2 of the Municipal Sublease, the ETA Trustee shall deposit the Municipal Sublease Stipulated Loss Value for such Item of Equipment received in accordance with Section 7.2 of the Municipal Sublease into the Certificate Fund for application on the applicable Redemption Date in accordance with Section 6.2(a).

Section 4.5 Equipment Lease Fund. (a) From the Equipment Lease Fund, the ETA Trustee shall disburse funds for Costs of issuance of the Certificates and for Advance Rental Cost in accordance with the provisions hereof.

(b) Upon the issuance of the Certificates and upon receipt of written instructions from an Authorized Officer of the MBTA, there shall be disbursed from the Cost of Issuance Account in accordance with such instructions an amount sufficient to pay the Costs of issuance itemized in such instructions or to reimburse the ETA Trustee or the MBTA, as the case may be, for the payment thereof, but not exceeding the amount shown for such item in such instructions. After the disbursements described in this Section 4.5(b), the ETA Trustee shall transfer the amounts,

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if any, remaining in the Cost of Issuance Account to the Certificate Fund.

(c) On the date of issuance of the Certificates, there shall be disbursed from the Equipment Account an amount sufficient to pay the Advance Rental Cost to MBTA, as lessor under the Municipal Lease. In making such disbursement, the ETA Trustee shall not be required to verify or take any other further action respecting the application of such disbursement.

(d) After the disbursement described in Section 4.5(c), the ETA Trustee shall transfer the amounts, if any, remaining in the Equipment Account to the Certificate Fund.

(e) No amount shall be withdrawn from or paid out of the Equipment Lease Fund, except as provided herein.

Section 4.6 Discontinuance of Funds or Accounts. Subject to Section 6.2 hereof, any balance remaining in any Fund and in any Account in any Fund shall be paid by the ETA Trustee to the MBTA (except for any amounts held in the Certificate Fund required to pay the Certificates under Section 13.9), after (i) all Certificates and other sums required to release, discharge and satisfy this Agreement shall have been paid or provision for their payment shall have been made in accordance with Section 13.9, (ii) all amounts certified to the ETA Trustee by the MBTA that are required to be rebated to the United States pursuant to Section 148(f) of the Code shall have been paid and (iii) all amounts owed to the ETA Trustee hereunder shall have been paid.

Section 4.7 Reports by ETA Trustee. The ETA Trustee shall furnish monthly to the MBTA reports on the status of each of the Accounts and Funds established under this Article IV and held by the ETA Trustee, showing at least the balance in each such Account and Fund as of the first day of the period, the deposits to (including interest earned on investments) and the disbursements from each such Account and Fund, and the balance in each such Account and Fund on the last day of the report period.

Section 4.8 Disposition of Investment Earnings.
(a) Except as otherwise provided herein, the investment earnings on any Fund or Account thereof shall be credited to such Fund or Account.

(b) As used in this Section "investment earnings" shall not include accrued interest paid as part of the purchase price of an Eligible Investment.

ARTICLE V

SECURITY FOR DEPOSITS; INVESTMENTS OF FUNDS

Section 5.1 Moneys are Trust Funds. All moneys received by the ETA Trustee under this Agreement for deposit in any Fund established hereunder shall at all times be trust funds and are held for the benefit and security of the Owners in accordance with the provisions hereof, and shall be used solely for the purposes set forth herein, and shall remain uninvested, until or unless invested or deposited as provided herein.

Section 5.2 Investment or Deposit of Funds.
(a) Subject to the provisions of Section 5.2(b), Section 5.2(c) and Section 13.9, moneys held in the Funds shall be invested only in Eligible Investments, provided, however that all amounts will be invested in accordance with the Trustee Investment Instructions.

(b) Except as provided in Section 13.9 and Section 5.2(c), all investments made pursuant to this Section 5.2 shall mature or be subject to redemption at the option of the holder thereof within one (1) year of their date of acquisition at not less than the principal amount thereof or the amortized cost of acquisition, whichever is lower, and all deposits in time accounts shall be subject to withdrawal without penalty not later than the date when the amounts will foreseeably be needed for purposes of this Agreement, provided that moneys in the Certificate Fund may be invested only in Government Securities maturing or redeemable within the earlier of (i) thirty days of their acquisition, and (ii) when the amounts will foreseeably be needed for the purposes hereunder, at not less than the principal amount thereof or the amortized cost of acquisition, whichever is lower.

(c) The ETA Trustee shall invest amounts representing Stipulated Loss Value in Government Securities maturing not later than the Business Day next preceding the Redemption Date in respect of such Event of Loss.

(d) Whenever a disbursement is required to be made out of any Fund, the ETA Trustee shall sell such

Eligible Investments as may be required to make the payment. The ETA Trustee shall not be accountable for any depreciation in the value of any such investment or for any loss resulting from the sale thereof.

Section 5.3 Valuation of Funds. Except as otherwise provided herein, in computing the assets of any Fund or Account, investments and accrued interest thereon shall be deemed a part thereof. Such investments shall be valued at their amortized cost, including interest earned on such investments, except for Government Securities, which shall be valued at their principal amount.

ARTICLE VI

REDEMPTION OF CERTIFICATES

Section 6.1 Redemption of Certificates. (a) The Certificates shall be subject to redemption prior to maturity as set forth in this Section 6.1.

(b) The Certificates shall be subject to redemption at the option of the ETA Trustee, upon written direction of MBTA, from time to time in whole or in part in authorized denominations from moneys in the Certificate Fund representing prepayment of Rental Payments on December 22, 2006 and on any Interest Payment Date thereafter upon prepayment of Rental Payments in accordance with the Municipal Sublease at a redemption price equal to 100% of the principal component with respect thereto, together with the interest component accrued with respect thereto as of the Redemption Date.

(c) The Certificates shall be subject to redemption at the option of the ETA Trustee, upon written direction of MBTA, from time to time in whole or in part on any Interest Payment Date in authorized denominations from moneys in the Certificate Fund representing Municipal Sublease Stipulated Loss Value following an Event of Loss with respect to an Item or Items of Equipment at a redemption price equal to 100% of the principal component with respect to the Certificates so called for redemption, together with the interest component accrued with respect thereto as of the Redemption Date.

(d) The Certificates maturing on January 15, 2006 and January 15, 2014 are subject to mandatory redemption

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prior to maturity on January 15 in the years shown below, at a redemption price equal to 100% of the principal component with respect to such Certificates, together with the interest component accrued with respect thereto as of the Redemption Date from moneys in the Certificate Fund representing Rental Payments in the amounts set forth below:

Certificates Due January 15, 2006

<u>Year</u>	<u>Principal Amount</u>
2002	\$1,140,000
2003	1,140,000
2004	1,140,000
2005	1,135,000
2006	1,135,000

Certificates Due January 15, 2014

<u>Year</u>	<u>Principal Amount</u>
2007	1,135,000
2008	1,135,000
2009	1,135,000
2010	1,135,000
2011	1,135,000
2012	1,135,000
2013	1,135,000
2014	1,130,000

The ETA Trustee, upon written direction of MBTA, from amounts on deposit in the Certificate Fund and any other available moneys, may purchase Certificates to satisfy such sinking fund redemptions in the amounts and in the years set forth above. The Certificates so retired may be credited against the payments due with respect to Certificates with respect to any mandatory sinking fund redemption date.

Section 6.2 Application of Moneys. (a) If Certificates are redeemed pursuant to Section 6.1(b) or Section 6.1(c), the ETA Trustee shall apply on the Redemption Date the moneys in the Certificate Fund representing prepayment of Rental Payments or Municipal Sublease Stipulated Loss Value, as appropriate, as follows:

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- (i) To the payment of the costs of the ETA Trustee incurred in connection with such redemption, including counsel fees and any disbursements of the ETA Trustee;
 - (ii) To the payment of the principal component of the Certificates called for redemption, together with the interest component accrued with respect thereto as of the Redemption Date; and
 - (iii) The surplus, if any, shall be paid to MBTA or to the person lawfully entitled to receive the same or as a court of competent jurisdiction may direct.
- (b) With respect to Certificates redeemed pursuant to Section 6.1(d), the ETA Trustee shall apply on each mandatory sinking fund redemption date the moneys in the Certificate Fund as follows:
- (i) To the payment of the principal component of Certificates representing the Rental Payments due with respect to such mandatory sinking fund redemption date, together with the interest component accrued with respect thereto as of such date; and
 - (ii) To the payment of the costs of the ETA Trustee incurred in connection with such redemption, including counsel fees and any disbursements of the ETA Trustee.

Section 6.3 Notice of Redemption. (a) When Certificates are to be redeemed pursuant to the provisions of this Agreement the ETA Trustee shall cause a notice of redemption to be mailed to the Certificate Owners not less than thirty (30) but not more than forty-five (45) days prior to the Redemption Date. Such notice shall specify the Certificates or portions thereof to be redeemed and the redemption price and shall state the Redemption Date, that on such date the Certificates or portions thereof called for redemption will be due and become payable at the principal corporate trust office of the ETA Trustee, and that from and after such date, if there are sufficient funds on deposit with the ETA Trustee to redeem such Certificates or portions thereof, no interest in excess of the accrued interest to the Redemption Date shall be payable to an Owner; provided,

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however, that an Owner may file written waivers of notice with the ETA Trustee, and if so waived, the Certificates of such Owner may be redeemed and all rights and liabilities of said Owner shall mature and accrue on the Redemption Date, without the requirement of written notice.

(b) The notice to Owners shall be deposited by the ETA Trustee in the United States mail with first class postage prepaid and addressed to the Owners of Certificates called for redemption at their addresses appearing upon the Certificate Register.

(c) If the ETA Trustee shall give notice of a redemption pursuant to Section 6.1(b) or Section 6.1(d) hereof, such notice shall be conditional upon the delivery to the ETA Trustee of moneys from the MBTA sufficient to redeem in full the Certificates called for redemption and if such moneys are not so received such notice shall be of no force and effect.

(d) Neither the MBTA nor the ETA Trustee will be responsible for mailing notices of redemption to anyone other than DTC or its nominee as long as DTC is the sole Owner. Any failure of DTC or its nominee to advise any DTC Participant or of any DTC Participant to notify the Beneficial Owners of any such notice and its content will not effect the validity of the redemption of the Certificates called for redemption or any other action premised on such notice.

Section 6.4 Partial Redemptions. (a) If less than all of the Certificates are to be called for redemption, (i) in the case of Certificates to be called for redemption pursuant to Section 6.1(b) or Section 6.1(c) the ETA Trustee shall select the particular Certificates or portions thereof to be redeemed in inverse order of maturity and by lot within a maturity and (ii) in the case of certificates to be called for redemption pursuant to Section 6.1(d) the ETA Trustee shall select particular Certificates to be redeemed by lot within a maturity; provided, however, that the portion of any Certificate to be redeemed shall be in authorized denominations and that, in selecting Certificates for redemption, the ETA Trustee shall treat each Certificate in a principal amount greater than \$5,000 as representing that number of Certificates which is obtained by dividing the principal amount of such Certificate by \$5,000. If it is determined that a portion but not all of any such Certificate is to be called for redemption, then upon notice

of intention to redeem such portion, the Owner of such Certificate shall forthwith surrender such Certificate to the ETA Trustee (a) for payment of the redemption price of such Certificate called for redemption and (b) in exchange for a new Certificate or Certificates in such authorized denominations as the Owner shall designate of the aggregate principal amount of the unredeemed balance of the principal component of such Certificate and of like maturity and interest rate. New Certificates representing the unredeemed balance of the principal component of such Certificate shall be issued to the Owner thereof, without charge therefor. If the Owner of any such Certificate of a denomination greater than \$5,000 shall fail to present such Certificate to the ETA Trustee for payment and exchange as aforesaid, such Certificate shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the principal component of such Certificate called for redemption (and to that extent only).

(b) No redemption of less than all the Certificates at the time Outstanding shall be made pursuant hereto unless the Certificates to remain Outstanding following such redemption will be in authorized denominations.

(c) Anything in this Agreement to the contrary notwithstanding, if there shall have occurred and be subsisting a Municipal Sublease Event of Default or Event of Nonappropriation, there shall be no redemption of less than all of the Certificates at the time Outstanding, except in the case of Certificates deemed to have been paid in accordance with Section 13.9 hereof prior to the occurrence of such Municipal Sublease Event of Default or Event of Nonappropriation.

Section 6.5 Cancellation of Certificates. All Certificates which have been paid for or redeemed or delivered to or acquired by the ETA Trustee for cancellation shall be cancelled by the ETA Trustee and shall not be reissued.

Section 6.6 Effect of Redemption. On the redemption date specified in the notice of redemption, if there are sufficient funds on deposit with the Trustee to redeem the Certificates called for redemption, such Certificates shall cease to accrue interest on the date specified for redemption and shall cease to be entitled to any benefit or security of the Trust Agreement and the Owners

thereof shall have no rights in respect of the Certificates except to receive payment of the redemption price thereof.

ARTICLE VII

REMEDIES

Section 7.1 Remedies on Municipal Sublease Event of Default or Event of Nonappropriation. (a) Upon the occurrence of a Municipal Sublease Event of Default, the ETA Trustee shall have the remedial rights specified in Section 11.2(a) of the Municipal Sublease. Any amounts collected by ETA Trustee as a result of action taken under Section 11.2(a) of the Municipal Sublease shall be paid into the Certificate Fund and applied to pay the costs of the ETA Trustee incurred in connection with such action and to pay amounts due hereunder or, if the Certificates have been fully paid (or provision for payment thereof has been made in accordance with the provisions of this Agreement), such amounts, together with any amounts in the Certificate Fund in excess of amounts necessary to pay the Certificates in full and other obligations of MBTA hereunder, shall be paid to MBTA or as MBTA shall have directed.

Notwithstanding the foregoing, however, at any time that the ETA Trustee shall declare the remaining Rental Payments due and payable in accordance with Section 11.2(a) of the Municipal Sublease and an Appropriation shall have been made with respect thereto, the ETA Trustee shall declare the principal amount of all Certificates immediately due and payable, and any amounts collected by the ETA Trustee as a result of actions taken pursuant to this sentence shall be applied in the order of priority set forth in Section 7.1(b) hereof.

(b) Notwithstanding the foregoing, upon the occurrence of a Municipal Sublease Event of Default described in Section 11.1(a) of the Municipal Sublease or an Event of Nonappropriation or upon the election by the ETA Trustee to exercise remedies which deprive the MBTA of the quiet enjoyment of the Equipment, the ETA Trustee shall declare the principal amount of all Certificates Outstanding to be immediately due and payable and may exercise any power of sale which it then possesses with respect to the Equipment or its purchase option granted under the Municipal Lease, as applicable, in accordance with their respective terms and

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sell the Equipment and, in the event of such sale, shall apply the proceeds of such sale as follows:

- (i) To the payment of the costs of the ETA Trustee incurred in connection with actions taken under this Article VII and any other fees and expenses due and owing to the ETA Trustee hereunder or under the Municipal Sublease, including counsel fees and any disbursements of the ETA Trustee;
- (ii) To the Certificate Fund an amount equal to the aggregate of all unpaid Rental Payments, adjusted to eliminate the unaccrued interest portion thereof, to be applied to the payment of the principal and interest components then due on the Certificates and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal and interest components ratably, without preference or priority of one Certificate over another or of any interest component over any other interest component; and
- (iii) the excess, if any, shall be paid to the MBTA, or as the MBTA may direct.

Section 7.2 Discontinuance of Proceedings. In case any proceeding taken by the ETA Trustee following the occurrence of a Municipal Sublease Event of Default or Event of Nonappropriation shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the ETA Trustee, then in every case the MBTA, the ETA Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the ETA Trustee shall continue as though no such proceedings had been taken.

Section 7.3 Direction of Proceedings. Except as set forth in Section 7.1 hereof, the Owners of a majority in aggregate amount of the principal components of the Certificates Outstanding shall have the right, by an instrument in writing executed and delivered to the ETA Trustee, after furnishing indemnity satisfactory to the ETA Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the ETA Trustee hereunder; provided that any such direction shall not be contrary to law or the provisions of this Agreement and that

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the ETA Trustee shall have the right to decline to follow any such direction which, in the opinion of the ETA Trustee, would be unjustly prejudicial to the rights hereunder of the Owners not parties to such direction.

Section 7.4 Limitations on Actions. No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Agreement or for execution of any trust hereunder, or for any other remedy hereunder, unless the Owners of not less than a majority in aggregate amount of the principal components of the Certificates Outstanding shall have made written request to the ETA Trustee, after the right to exercise such powers or rights of action shall have accrued, and shall have afforded the ETA Trustee a reasonable opportunity either to proceed to exercise the powers granted in this Agreement or to institute such action, suit or proceeding in its or their names, and unless also there shall have been offered to the ETA Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the ETA Trustee shall have refused or neglected to comply with such request within a reasonable time; and such request and offer of indemnity are hereby declared in every such case, at the option of the ETA Trustee, except with respect to the actions mandated by Section 7.1, to be conditions precedent to the execution of the powers and trusts of this Agreement and to any action or cause of action for the enforcement of this Agreement or for any other remedy hereunder, it being understood and intended that no one or more Owners shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of this Agreement, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner herein provided and for the ratable benefit (subject to all of the terms, conditions and provisions of this Agreement) of all Owners of such Outstanding Certificates. Notwithstanding any other provision of this Agreement, the right of any Owner to receive payment of the principal and interest component of its Certificate, on or after the due date thereof, shall not be impaired or affected without the consent of such Owner, except that no Owner shall have the right to institute any such suit, if and to the extent that the institution or prosecution thereof or entry of a judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the benefit and security of this Agreement upon any property held as security hereunder.

Section 7.5 Remedies Not Exclusive; Rights. Other than as provided in Section 7.1, no remedy herein conferred is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. Nothing herein shall derogate from the provisions of Section 7.1.

Section 7.6 Delays; Omissions. No delay or omission in respect of exercising any right or power accruing upon any Municipal Sublease Event of Default or Event of Nonappropriation shall impair such right or power or be a waiver of such default, and every remedy given by this Article may be exercised from time to time and as often as may be deemed expedient.

Section 7.7 Enforceability by ETA Trustee. (a) All rights under this Agreement, the Municipal Sublease, the Municipal Lease and the Certificates may be enforced by the ETA Trustee without the possession of any Certificate or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the ETA Trustee shall be brought in its name for the ratable benefit of the Owners of the Outstanding Certificates.

(b) It is the purpose of this Article to provide such remedies to the ETA Trustee and the Owners as may be provided by law; but should any remedy herein granted be held unlawful, the ETA Trustee and the Owners shall, nevertheless, be entitled to every other remedy provided herein.

ARTICLE VIII

CONCERNING THE ETA TRUSTEE

Section 8.1 Acceptance of Trust. The ETA Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article, to all of which the parties hereto and the Owners, by their acceptance of such Certificates, agree. The ETA Trustee shall perform only such duties as are specifically set forth in this Agreement and no implied covenants or obligations shall be read into this Agreement against the ETA Trustee.

Section 8.2 Certain Rights of ETA Trustee. (a) The ETA Trustee may execute any of the trusts or powers created hereby and perform the duties required by it by or through agents or employees and shall not be liable for the default or misconduct of any agent selected by it with due care. The ETA Trustee shall be entitled to rely in good faith upon the advice of Counsel concerning its duties hereunder and shall not be answerable for the default or misconduct of any such Counsel.

(b) The ETA Trustee may construe any provision of this Agreement which may be ambiguous or inconsistent with any other provision hereof, and any such construction made in good faith shall be binding upon the Owners.

Section 8.3 Compensation for Services; Indemnification. (a) MBTA shall pay the ETA Trustee its initial fees and expenses (including the reasonable fees and expenses of its counsel) and, in addition, \$5,000 per year as compensation for the ordinary services to be rendered by it hereunder. The ETA Trustee shall be reimbursed from time to time for all of its reasonable expenses and charges and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts and the performance of its powers and duties hereunder.

(b) To the extent permitted by law, MBTA shall indemnify, protect, save and hold harmless the CNB and the ETA Trustee from and against any and all Taxes, liabilities, obligations, losses, claims and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation counsel fees and expenses, penalties and interest arising out of (i) the entering into of this Agreement, the Municipal Lease, the Municipal Sublease and any other Operative Document or (ii) the transactions contemplated herein or therein. The indemnification arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement.

Section 8.4 Certain Exculpatory Provisions. The ETA Trustee shall be under no duty or obligation to:

(a) indemnify the MBTA against losses suffered from any authorized investment of any of the moneys on deposit with it under this Agreement it being responsible only for the safe-keeping of the securities in which said

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moneys are invested and the collection of interest thereon;
or

(b) except for the actions of the ETA Trustee required by Sections 7.1 and 4.4 (including making payments to Owners), take any action in respect of any Municipal Sublease Event of Default or otherwise, or toward the execution or enforcement of any of the trusts hereby created, or institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing to do so by Owners of a majority in aggregate amount of the principal component of Certificates then Outstanding and unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it.

Section 8.5 Notice of Municipal Sublease Default.
The ETA Trustee shall be required to take notice or be deemed to have knowledge of any failure to pay a Rental Payment required to be paid pursuant to the Municipal Sublease at the time specified therein and of any Event of Nonappropriation. The ETA Trustee shall not be required to take notice or be deemed to have knowledge of any Municipal Sublease Event of Default (other than a failure to pay a Rental Payment required to be paid pursuant to the Municipal Sublease at the time specified therein) unless an Authorized Officer of the ETA Trustee has Actual Knowledge thereof.

Section 8.6 Liability of ETA Trustee. (a) The liability of the ETA Trustee for actions taken or omitted to be taken hereunder shall be limited to its gross negligence or willful misconduct.

(b) The ETA Trustee shall be protected and shall incur no liability in relying, acting or proceeding, or in not relying, not acting or not proceeding in good faith, upon any application, resolution, notice, order, telegram, request, requisition, consent, waiver, certificate, statement, affidavit, report, opinion, voucher, bond or other paper or document which it shall believe to be genuine and to have been passed, signed or presented by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Agreement, and the ETA Trustee shall be under no duty to make any investigation or inquiry as to any statements or opinions contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements and opinions.

(c) As a condition to the taking, suffering or omission of any action hereunder, the ETA Trustee may consult with Counsel and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken, omitted or suffered by the ETA Trustee hereunder in good faith and in accordance herewith.

(d) The ETA Trustee shall not be bound to recognize any person as the Owner of any Outstanding Certificate unless and until such Certificate is submitted to the ETA Trustee for inspection and its title thereto satisfactorily established if disputed.

Section 8.7 ETA Trustee May Deal in Certificates. The ETA Trustee, its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Certificates and may join in any action which any Owner may be entitled to take with like effect as if the ETA Trustee were not a party to this Agreement. The ETA Trustee, either as principal or agent, may also engage in or be interested in other financial or other transactions with the MBTA, and may act as depository, trustee or agent for any committee or body of Owners.

Section 8.8 Resignation. The ETA Trustee may resign and be discharged of the trusts created hereunder by executing an instrument in writing assigning such trusts, specifying the date when such resignation shall take effect, and filing the same with the MBTA not less than sixty (60) days before the date specified in such instrument when such resignation shall take effect; provided, however, that any such resignation shall not take effect until a successor trustee has accepted its appointment as such pursuant to the provisions of this Agreement.

Section 8.9 Removal. The ETA Trustee may be removed at any time upon sixty (60) days' advance notice by an instrument in writing, filed with the ETA Trustee, appointing a successor trustee, executed by or on behalf of the Owners of a majority in aggregate amount of the principal components of the Certificates Outstanding.

Section 8.10 Vacancy in Office. (a) If the ETA Trustee shall be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body, a vacancy shall forthwith and ipso facto exist in the office of the ETA Trustee, and a successor may be appointed by the MBTA by an instrument in

writing executed by an Authorized Officer of the MBTA; provided, however, during the continuance of an Municipal Sublease Event of Default the right to appoint such a successor may not be exercised by the MBTA but instead may only be exercised by the Owners of a majority in aggregate amount of the principal components of the Certificates Outstanding by an instrument in writing executed by and on behalf of such Owners.

(b) Until a successor trustee shall be appointed by the Owners during the continuance of an Municipal Sublease Event of Default, the MBTA, by an instrument in writing, shall appoint a trustee to fill such vacancy. Any new trustee so appointed by the MBTA shall immediately and without further act be superseded by a trustee appointed by the Owners in the manner above provided.

Section 8.11 Qualification of Successor ETA Trustee. Any successor trustee appointed pursuant to this Article shall be an incorporated bank or trust company in good standing, organized or authorized to transact business under the laws of the United States or of any state, be authorized under such laws to exercise corporate trust powers and be subject to supervision or examination by a federal or state authority having a reported capital and surplus of not less than \$100,000,000.

Section 8.12 Acceptance of Trust by Successor ETA Trustee. Any successor trustee appointed hereunder shall execute, acknowledge and deliver to the MBTA an instrument accepting such appointment and thereupon, without any further act, deed or conveyance shall become fully vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust with like effect as if originally named ETA Trustee herein. Such successor trustee shall give notice by first class mail of its acceptance of appointment within 5 Business Days thereof to each Owner at its address as it appears on the Certificate Register. Upon request of such successor trustee, the predecessor trustee shall execute and deliver an instrument transferring to such successor trustee all the estate, property, rights, powers and trusts hereunder of the predecessor trustee, and the predecessor trustee shall pay over to the successor trustee all moneys at the time held by it hereunder.

Section 8.13 Successor Corporation as ETA Trustee. Any corporation into which any ETA Trustee hereunder may be

merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any ETA Trustee hereunder shall be a party, shall be the ETA Trustee under this Agreement without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

ARTICLE IX

EVIDENCE OF OWNER'S ACTION AND OWNERSHIP OF CERTIFICATES

Section 9.1 Evidence on Which ETA Trustee May Act. Any request, direction, consent or other instrument in writing required or permitted by this Agreement to be signed or executed by Owners, may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by an agent appointed in writing. The fact and date of the execution of any such instrument and of the ownership of Certificates shall be sufficient for any purposes of this Agreement and shall be conclusive evidence in favor of the ETA Trustee with regard to any action taken under such instrument, if the fact and date of the execution by any Owner, person or agent of any such instrument is proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction to the effect that the Owner, person or agent signing such instrument acknowledged before such person the execution thereof.

Section 9.2 Other Evidence. Nothing contained in this Article IX shall be construed as limiting the ETA Trustee to the proof hereinabove specified, it being intended that the ETA Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request, consent, waiver of notice or vote of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered by the ETA Trustee in pursuance thereof.

ARTICLE X

AMENDMENTS AND MODIFICATIONS

Section 10.1 Amendments Without Consent. From time to time and at any time the ETA Trustee and the MBTA may, without the consent of Owners, enter into an amendment or a supplement hereto, to the Municipal Sublease or to the Municipal Lease: (a) for any purpose not inconsistent with the terms of this Agreement, the Municipal Sublease or the Municipal Lease or to cure any ambiguity or formal defect or omission in this Agreement, the Municipal Sublease or the Municipal Lease, as the case may be, which may be defective or inconsistent with any other provision contained herein, in the Municipal Sublease or the Municipal Lease, as the case may be, or to make such other provisions in regard to matters or questions arising under this Agreement, the Municipal Sublease or the Municipal Lease, as the case may be, which shall not be inconsistent with the provisions of this Agreement, the Municipal Sublease or the Municipal Lease, as the case may be, which, in each such case, shall not adversely affect the interests of the Owners, (b) to grant to and confer upon Owners, or the ETA Trustee, for the benefit of Owners, any additional rights, remedies, powers, authority or security that may be lawfully granted to or conferred upon Owners or the ETA Trustee, or (c) to amend Schedule A or Schedule B of the Municipal Sublease in accordance with the terms thereof.

Section 10.2 Amendments Requiring Consent. (a) Without the consent of the ETA Trustee, the MBTA and all Owners of the Certificates Outstanding, no modification or amendment to this Agreement, the Municipal Sublease or the Municipal Lease, as the case may be, shall be made which would: (i) alter the amount or payment date of any payment on such Certificates or the redemption provisions thereof, (ii) modify the terms of payment or the right to enforce payment of such Certificates or (iii) reduce the percentage of consenting Owners set forth in any subsection in this Section 10.2. Modification of the provisions governing the administration of Funds hereunder which do not impair the rights reserved above shall not be deemed to constitute a modification of terms of payment.

(b) Subject to the limitations contained in clause (a), this Agreement, the Municipal Sublease and the Municipal Lease, as the case may be, may be modified or amended from time to time and at any time with the written

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consent of the ETA Trustee, the MBTA and the Owners of not less than two-thirds (2/3) in aggregate amount of the principal components of the Certificates Outstanding.

(c) Modifications and amendments made under this Section 10.2 shall be made by a supplement or amendment hereto or to the Municipal Sublease or the Municipal Lease, as the case may be, which shall be executed or accepted, as the case may be, by the ETA Trustee upon receipt of evidence satisfactory to the ETA Trustee of the consent thereto of the MBTA and the Owners of the requisite aggregate amount of the principal components of Certificates Outstanding; provided, however, if such supplement or amendment hereto or to the Municipal Sublease or the Municipal Lease shall adversely affect the ETA Trustee's own rights, duties or immunities under this Agreement, the ETA Trustee shall not be obligated to enter into such supplement or amendment hereto, or to the Municipal Sublease or the Municipal Lease, as the case may be. It shall not be necessary for the consent of the Owners to include approval of the particular form of any proposed supplement or amendment hereto or to the Municipal Sublease or the Municipal Lease but only of the substance thereof.

Section 10.3 ETA Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The ETA Trustee is authorized to join with the MBTA in the execution and delivery of any supplement or amendment hereto or acceptance of any supplement or amendment permitted by this Article X and in so doing shall be fully protected by good faith reliance on an opinion of Counsel that such supplement or amendment is so permitted and that all things necessary to make it a valid and binding agreement have been done.

ARTICLE XI

POWER OF SALE

MBTA hereby directs ETA Trustee, and grants to ETA Trustee the right and power, exercisable only at such time as MBTA has title to the Equipment and upon the happening of a Municipal Sublease Event of Default described in Section 11.1(a) of the Municipal Sublease or an Event of Nonappropriation or upon the election by the ETA Trustee to exercise remedies which deprive MBTA of the quiet enjoyment of the Equipment, to take possession of and to sell the Equipment, as agent of MBTA, and to apply the proceeds of such sale, net of the reasonable expenses thereof, to the

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payment in full of the Certificates and all amounts due the ETA Trustee under the Municipal Sublease and this Agreement. Any excess proceeds from such sale shall be paid to the MBTA. In connection with any such sale, and in addition to any rights ETA Trustee may then have under the Municipal Sublease, the Municipal Lease or at law, ETA Trustee, at its option, may enter upon the premises where all or any Item of Equipment is located and take immediate possession of and remove same by summary proceedings or otherwise (and/or, at ETA Trustee's option, store the same at MBTA's premises where the same may be located at the time of such taking of possession until disposal thereof by ETA Trustee), all without liability accruing to ETA Trustee (other than as provided in Section 14.1 of the Municipal Sublease) for or by reason of such entry, storage or taking of possession or removing whether for the restoration of damage to property caused by such action or otherwise. Any such sale may be of all or any Item of Equipment at public or private sale, as ETA Trustee may determine, and pending any such sale, ETA Trustee may hold, use, operate, lease to others or keep idle all or any Item of Equipment as ETA Trustee in its sole discretion may determine, all free and clear of any rights of MBTA. MBTA hereby agrees to deliver to ETA Trustee any instruments which may be reasonably required by ETA Trustee to evidence and exercise such right and power and the relinquishment of all of MBTA's rights, title and interest in the Equipment.

ARTICLE XII

SECURITY INTEREST

MBTA hereby grants to ETA Trustee for the benefit of the Owners a security interest (i) in the Equipment described in Exhibit F hereto and in all additions, attachments, accessions and substitutions to or for the Equipment and in any proceeds of the Equipment, (ii) in all moneys in the Funds and Accounts held by the ETA Trustee hereunder, including the Rental Payments and (iii) in all moneys received by MBTA under the Contract for Financial Assistance (Municipal Sublease Agreement) and pursuant to the Contract Assistance Provisions with respect to the Municipal Sublease or this Agreement to secure the obligation of MBTA to make Rental Payments and all of the other obligations of MBTA under the Municipal Lease and Municipal Sublease and hereunder, including without limitation, the right of ETA Trustee to exercise its power of sale and to apply proceeds

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of any sale provided for in Article XI hereof as specified therein without interference or delay from any other creditor, claimant or other holder of a Lien. MBTA agrees to execute and deliver such additional documents, including financing statements, "precautionary" financing or similar statements, continuation statements, written submissions addressed to the Interstate Commerce Commission in accordance with Section 11303 of Title 49 of the U.S. Code, affidavits, notices and similar instruments, as needed, in form satisfactory to ETA Trustee, or which ETA Trustee or any Owner deems necessary or appropriate to establish and maintain ETA Trustee's security interest created hereunder. MBTA will furnish to the ETA Trustee no later than October 31 of each year during which this Agreement is in effect, beginning with 1989, an opinion of its General Counsel stating that, with respect to the next succeeding 12-month period, in the opinion of such counsel either (i) such action has been taken (or specifying any action that must be taken), including action with respect to the recording, filing, rerecording and refileing of the Municipal Lease, the Municipal Sublease and this Agreement and any supplements thereto and any financing statements, "precautionary" financing or similar statements or continuation statements, as is necessary or appropriate under applicable United States law to maintain the perfection of the security interests created thereby and reciting the details of such action or (ii) no action is necessary under applicable United States law to maintain the perfection of such security interests.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 Parties Interested. Nothing contained in this Agreement, express or implied, is intended or shall be construed to confer upon or give to any person, firm or corporation, other than the parties hereto and the Owners of the Certificates, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation hereof; and the covenants, stipulations and agreements in this Agreement contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns and the Owners of Certificates.

Section 13.2 Unclaimed Moneys. In the event that, within three (3) years after the maturity or Redemption Date of any Certificate, or interest claim appurtenant thereto,

any amount deposited or left with the ETA Trustee with respect to such Certificate or interest claim shall not have been claimed by the Owner thereof entitled thereto, the ETA Trustee shall, upon demand, pay over to the MBTA the amount not so claimed; and the ETA Trustee shall thereupon be relieved from all responsibility from such amount to the Owner of such Certificate, or interest claim, and in the event of such payment to the MBTA, the Owner of any such Certificate, or interest claim shall have recourse only to the MBTA for an amount equivalent to the amount paid over to the MBTA with respect to such Certificate or interest claim, without interest.

Section 13.3 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the ETA Trustee, the MBTA and their respective successors and assigns.

Section 13.4 Severability. In the event any provision of this Agreement or of the Certificates shall, for any reason, be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Agreement or of the Certificates, but this Agreement and the Certificates shall be construed and enforced as if such invalid or unenforceable provision had not been contained therein.

Section 13.5 Notices. All notices, offers, instructions, acceptances, approvals, waivers, requests, demands and other communications required or permitted hereunder to be given to or made upon any party hereto or under any instrument, certificate or other document delivered in connection with the transactions described herein shall be considered as properly given (a) if delivered in person, (b) if sent by an overnight delivery service which provides signed acknowledgments of receipt, (c) if mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested or (d) if sent by prepaid Telex, TWX or telegram (with messenger delivery specified in the case of a telegram) or by telecopier and, in each such case, confirmed by telephone. Communications so mailed shall be effective upon the expiration of five (5) Business Days after deposit. Communications given in any other manner shall be effective upon receipt by the addressee; provided, however, that if any communication is tendered to an addressee and the delivery thereof is refused by such addressee, such communication shall be effective upon

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the tender. For the purposes of communications the addresses of the parties shall be as set forth below; provided, however, that any party shall have the right to change its address for communications hereunder to any other location by giving thirty (30) days notice to the other party in the manner set forth hereinabove. The initial addresses of the parties hereto are as follows:

If to MBTA:

Massachusetts Bay Transportation Authority
Transportation Building
Ten Park Plaza
Boston, Massachusetts 02116
Attn: Treasurer
Telex:
Telecopier: (617) 722-5368

If to ETA Trustee:

The Connecticut National Bank
777 Main Street
Hartford, Connecticut 06115
Attn: Corporate Trust Administration
Telex: 99339
Telecopier: (203) 240-7920

In each case with a copy to:

Dewey, Ballantine, Bushby, Palmer & Wood
140 Broadway
New York, New York 10005

Section 13.6 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

Section 13.7 Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.8 Applicable Law. This Agreement and the Certificates shall be governed by and construed in accordance with the laws of the State of Connecticut.

[EQUIPMENT TRUST AGREEMENT]

Section 13.9 Defeasance. Whenever (a) all of the Certificates shall have been paid or moneys, invested in Government Securities that are not callable prior to maturity in an amount which, together with investment earnings thereon and other available moneys, will be sufficient to pay all of the principal and interest components of the Certificates when scheduled are on deposit with the ETA Trustee in the Certificate Fund or any other segregated trust fund for the benefit of the Owners, and (b) all fees and expenses of the ETA Trustee under the Municipal Sublease, the Municipal Lease and this Agreement shall have been paid or provisions satisfactory to the ETA Trustee made for such payment, then this Agreement and all rights hereby granted, shall be released, discharged and satisfied, except the rights of the Owners in amounts held for such defeasance. In such event, the ETA Trustee shall, upon request of the MBTA, execute and deliver to the MBTA all such instruments as may be desirable to evidence such release and discharge. Subject to Sections 6.2 and 7.1 hereof, all moneys held in trust by the ETA Trustee (except for the amount required to pay the principal and interest components of the Certificates) shall be paid to the MBTA.

[EQUIPMENT TRUST AGREEMENT]

IN WITNESS WHEREOF, The Connecticut National Bank, as ETA Trustee, and Massachusetts Bay Transportation Authority have each caused this Agreement to be executed as of the day and year first above written.

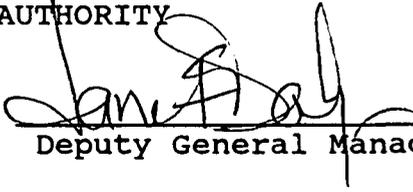
THE CONNECTICUT NATIONAL BANK,
as ETA Trustee

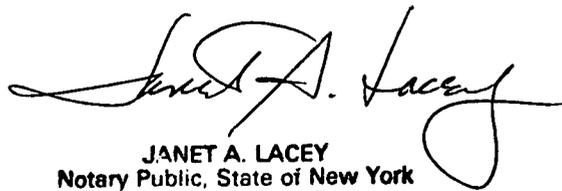
By: 
Authorized Officer

Approved as to Form
for Massachusetts Bay
Transportation Authority:

By: 
General Counsel

MASSACHUSETTS BAY TRANSPORTATION
AUTHORITY

By: 
Deputy General Manager



JANET A. LACEY
Notary Public, State of New York
No. 24-4799179
Qualified in Kings County
Commission Expires March 30, 19__

7/31/89

State of New York

SS:

County of New York

On this 15th day of December, 1988 before me personally appeared, Jane F. Daly, to me personally known, who being by me duly sworn, says that (s)he is the Deputy General Manager of Massachusetts Bay Transportation Authority, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]



Signature of Notary Public

JANET A. LACEY
Notary Public, State of New York
No. 24-4799179
Qualified in Kings County
Commission Expires March 30, 1989

7/31

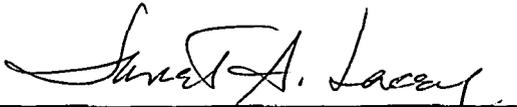
State of New York

SS:

County of New York

On this 15th day of December, 1988 before me personally appeared, Gregory C. Flynn, to me personally known, who being by me duly sworn, says that (s)he is the General Counsel of Massachusetts Bay Transportation Authority, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]


Signature of Notary Public

JANET A. LACEY
Notary Public, State of New York
No. 24-4799179
Qualified in Kings County
Commission Expires March 30, 1989

7/31

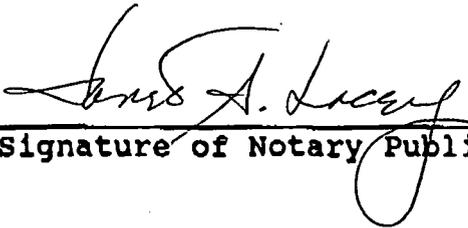
State of New York

SS:

County of New York

On this 15th day of December, 1988 before me personally appeared, Frank McDonald, to me personally known, who being by me duly sworn, says that (s)he is the Authorized Officer of the Connecticut National Bank, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]


Signature of Notary Public

JANET A. LACEY
Notary Public, State of New York
No. 24-4799179
Qualified in Kings County
Commission Expires March 30, 1989

7/31

EXHIBIT A

Certificate No. R-_____

\$ _____

CERTIFICATE OF PARTICIPATION

Evidencing interests in a Municipal Lease Agreement and a Municipal Sublease Agreement (and the right to receive Rental Payments under the Municipal Sublease Agreement) between The Connecticut National Bank, as trustee and

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY

INTEREST
RATE

PRINCIPAL
PAYMENT DATE

CUSIP

DATED

December 15, 1988

OWNER:

PRINCIPAL AMOUNT
IN DOLLARS (U.S.):

THIS IS TO CERTIFY THAT the above-referenced registered owner (the "Owner") of this Certificate of Participation (the "Certificate") is the owner of an interest in the right, title and interest of the ETA Trustee in (1) that certain Municipal Lease Agreement dated as of December 1, 1988 by and between Massachusetts Bay Transportation Authority ("MBTA"), Lessor and The Connecticut National Bank, as trustee for the Owners (the "ETA Trustee"), Lessee (the

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"Municipal Lease"); (2) that certain Municipal Sublease Agreement dated as of December 1, 1988 by and between the ETA Trustee, Sublessor, and MBTA, Sublessee (the "Municipal Sublease"); and (3) the right to receive the rental payments ("Rental Payments") to be made by or on behalf of MBTA pursuant to the Municipal Sublease, all with respect to 30 commuter rail coaches (the "Equipment").

The Certificates are issued under an Equipment Trust Agreement (the "Agreement") dated as of December 1, 1988 by and between MBTA and the ETA Trustee.

The Owner of this Certificate is entitled to receive certain amounts (the "Certificate Payments") on July 15, 1989 and on each January 15 and July 15 thereafter until and including the Principal Payment Date of this Certificate referenced above (each such date, an "Interest Payment Date") (or if any of such dates is not a Business Day, on the next preceding Business Day) unless this Certificate is earlier redeemed as provided herein. The total amount of Certificate Payments to be made with respect to this Certificate shall be equal to the sum of the Principal Amount stated hereon and interest on such Principal Amount at a per annum rate equal to the Interest Rate stated hereon, calculated on the basis of a 30-day month and a 360-day year, accruing from the date determined in the next succeeding paragraph to and including the Principal Payment Date, or, if earlier redeemed, the Redemption Date. The record date for Certificate Payments shall be the fifteenth (15th) day next preceding an Interest Payment Date (the "Record Date"). The payments of the interest components of the Certificate Payments will be by check of the ETA Trustee mailed to the Owner at the address shown on the Certificate registration book as of the applicable Record Date; provided, however, if the Owner (i) requests, prior to the relevant Record Date, that the ETA Trustee make such payments of interest in a manner other than as set forth above, and the ETA Trustee agrees to make such payments in the manner requested, and (ii) pays the ETA Trustee in advance for any costs that the ETA Trustee incurs in complying with such request, then the ETA Trustee shall make such payments in accordance with the Owner's request. The payment of the principal component of this Certificate will be made upon surrender thereof to the ETA Trustee at its principal corporate trust office.

The interest component of this Certificate shall be calculated from December 15, 1988 if this Certificate is executed prior to July 15, 1989. If this Certificate is

[EQUIPMENT TRUST AGREEMENT]

executed on or subsequent to July 15, 1989, the interest component hereof shall be calculated from the Interest Payment Date next preceding the date of execution hereof, unless such date of execution shall be an Interest Payment Date to which the interest component of this Certificate has been paid or duly provided for, in which case such interest component shall be calculated from the date of execution; provided, however, that if this Certificate is executed between a Record Date and the next succeeding Interest Payment Date, the interest component with respect hereto shall be calculated from such succeeding Interest Payment Date; provided further, however, that if at the time of execution of this Certificate payment of interest components shall be in default, the interest component with respect hereto shall be calculated from the date to which the interest component with respect hereto has been paid in full or, if no interest component has been paid with respect hereto, the date of execution hereof.

This Certificate has been executed and delivered by the ETA Trustee pursuant to the terms of the Agreement. Copies of the Agreement, the Municipal Lease and the Municipal Sublease are on file at the principal corporate trust office of the ETA Trustee, and reference is hereby made thereto and to any and all amendments thereof for a description of the security for the Certificates, the nature, extent and manner of enforcement of such security, the rights with respect thereto and the other terms and conditions upon which the Certificates are delivered thereunder.

This Certificate may be transferred only on the Certificate registration book maintained by the ETA Trustee for such purpose and only upon the surrender thereof to the ETA Trustee with a duly executed assignment in form satisfactory to the ETA Trustee. Exchanges and transfers will be without expense to the Owner except for any applicable taxes, fees or other governmental charges.

The Certificates are subject to redemption, at the option of the ETA Trustee upon the written direction of MBTA, (i) in whole or in part (in inverse order of maturity and by lot within a maturity), at par plus accrued interest, on December 22, 2006 and on any Interest Payment Date thereafter upon prepayment by MBTA to the ETA Trustee of unpaid Rental Payments, adjusted to eliminate the unaccrued interest portion thereof, and (ii) in whole or in part (in inverse order of maturity and by lot within a maturity), at par plus accrued interest, on any Interest Payment Date, following the

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occurrence of an Event of Loss, as defined in the Municipal Sublease.

The Certificates maturing on January 15, 2006 and January 15, 2014 are subject to mandatory redemption prior to maturity on January 15 in the years shown below, at par plus accrued interest, in the amounts set forth below:

Certificates Due January 15, 2006

<u>Year</u>	<u>Principal Amount</u>
2002	\$1,140,000
2003	1,140,000
2004	1,140,000
2005	1,135,000
2006	1,135,000

Certificates Due January 15, 2014

<u>Year</u>	<u>Principal Amount</u>
2007	1,135,000
2008	1,135,000
2009	1,135,000
2010	1,135,000
2011	1,135,000
2012	1,135,000
2013	1,135,000
2014	1,130,000

The ETA Trustee, upon the written direction of MBTA, from amounts on deposit in the Certificate Fund and any other available moneys, may purchase Certificates to satisfy such sinking fund redemptions in the amounts and in the years set forth above. The Certificates so retired may be credited against the Certificate Payments due with respect to any mandatory sinking fund redemption date.

The terms governing the foregoing redemptions are contained in the Agreement. Notice of redemption hereof will be mailed to the Owner, first class postage prepaid, not less than thirty (30) but not more than forty-five (45) days prior to the date set for redemption. On the specified redemption date, if there are sufficient funds on deposit with the ETA

[EQUIPMENT TRUST AGREEMENT]

Trustee to redeem the Certificates, no interest in excess of the accrued interest to the redemption date shall be payable to an Owner.

Upon the occurrence of a Municipal Sublease Event of Default or an Event of Nonappropriation (as such terms are defined in the Municipal Sublease), the ETA Trustee may declare the principal amount of all outstanding Certificates to be immediately due and payable, as more fully set forth in the Agreement.

The Certificates are secured by a security interest in favor of the Trustee in (i) the Equipment and in all additions, attachments, accessions and substitutions to or for the Equipment and in any proceeds of the Equipment, (ii) the moneys held in funds and accounts established under the Agreement and (iii) all moneys received by MBTA pursuant to a Contract for Financial Assistance dated as of December 1, 1988 by and between the Commonwealth of Massachusetts (the "Commonwealth") and MBTA (the "Contract for Financial Assistance") and pursuant to Sections, 12, 13 and 28 of Chapter 161A of the General Laws of the Commonwealth, as amended.

THE OBLIGATION OF MBTA TO MAKE EACH RENTAL PAYMENT IS SUBJECT TO THE CONDITION THAT (I) ALL RENTAL PAYMENTS BECOMING DUE IN THE FISCAL YEAR IN WHICH SUCH RENTAL PAYMENT BECOMES DUE ARE SHOWN AS CURRENT EXPENSE IN AN ITEMIZED BUDGET OF THE AUTHORITY APPROVED BY ITS ADVISORY BOARD (THE "BOARD"), (II) THE BOARD SHALL NOT HAVE REDUCED THE LINE ITEM OF THE BUDGET IN WHICH RENTAL PAYMENTS ARE SHOWN AS SUBMITTED TO IT BY THE AUTHORITY FOR SUCH FISCAL YEAR BY AN AMOUNT EQUAL TO SUCH RENTAL PAYMENTS, AND (III) THE BOARD SHALL NOT HAVE DETERMINED, AS EVIDENCED IN ITS OFFICIAL RECORDS OF ITS DELIBERATIONS WITH RESPECT TO THE APPROVAL OF SUCH BUDGET, THAT SUCH RENTAL PAYMENTS SHALL NOT BE INCLUDED AS CURRENT EXPENSE IN THE AUTHORITY'S BUDGET FOR SUCH FISCAL YEAR (COLLECTIVELY, AN "APPROPRIATION"). A FAILURE BY MBTA TO MAKE FULL PAYMENT OF A RENTAL PAYMENT WHEN DUE DURING A FISCAL YEAR FOR WHICH AN APPROPRIATION HAS NOT OCCURRED SHALL (1) RELIEVE MBTA OF ANY OBLIGATION TO PAY RENTAL PAYMENTS BECOMING DUE IN THE FISCAL YEAR IN RESPECT OF WHICH AN APPROPRIATION SHALL NOT HAVE OCCURRED AND IN ALL FISCAL YEARS THEREAFTER, AND (2) CAUSE TERMINATION OF THE MUNICIPAL SUBLEASE.

IN WITNESS WHEREOF, The Connecticut National Bank, as trustee, has caused this Certificate to be manually signed by

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its Authorized Officer, and a facsimile of its seal to be imprinted hereon, and attested by the manual or facsimile signature of an authorized signatory, all as of the 15th day of December, 1988.

THE CONNECTICUT NATIONAL BANK,
as trustee

(SEAL)

By: _____
Title: Authorized Officer

Attest:

By: _____
Title: Authorized Signatory

Date of Execution: _____

[EQUIPMENT TRUST AGREEMENT]

ASSIGNMENT

FOR VALUE RECEIVED, _____
the undersigned do(es) hereby sell, assign, and transfer unto
(Name) _____ (Address) _____

Identification Number or Social Security Number/Employer Number
the within-mentioned registered Certificate and hereby
irrevocably constitute(s) and appoint(s) _____
attorney, to transfer the same on the Certificate Register of
the ETA Trustee with full power of substitution in the premises.

Dated: _____

Note: The signature(s) on this
Assignment must correspond with the
name(s) as written on the face of the
within registered Certificate in
every particular without alteration
or enlargement or any change
whatsoever

Signature(s) Guaranteed:

(Name of Bank)

By: _____
(Signature of Bank Officer)

Certificate No. R-_____

CERTIFICATE OF PARTICIPATION

Evidencing interests in a Municipal Lease Agreement and a Municipal Sublease Agreement (and the right to receive Rental Payments under the Municipal Sublease Agreement) between The Connecticut National Bank, as trustee and

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY

<u>INTEREST RATE</u>	<u>PRINCIPAL PAYMENT DATE</u>	<u>CUSIP</u>	<u>DATED</u>
			December 15, 1988

OWNER: CEDE & CO.

PRINCIPAL AMOUNT
IN DOLLARS (U.S.):

THIS IS TO CERTIFY THAT the above-referenced registered owner (the "Owner") of this Certificate of Participation (the "Certificate") is the owner of an interest in the right, title and interest of the ETA Trustee in (1) that certain Municipal Lease Agreement dated as of December 1, 1988 by and between Massachusetts Bay Transportation Authority ("MBTA"), Lessor and The Connecticut National Bank, as trustee for the Owners (the "ETA Trustee"), Lessee (the "Municipal Lease"); (2) that certain Municipal Sublease Agreement dated as of December 1, 1988 by and between the ETA Trustee, Sublessor, and MBTA, Sublessee (the "Municipal Sublease"); and (3) the right to receive the rental payments ("Rental Payments") to be made by or on behalf of MBTA pursuant to the Municipal Sublease, all with respect to 30 commuter rail coaches (the "Equipment").

[EQUIPMENT TRUST AGREEMENT]

The Certificates are issued under and secured by an Equipment Trust Agreement (the "Agreement") dated as of December 1, 1988 by and between MBTA and the ETA Trustee.

The Owner of this Certificate is entitled to receive certain amounts (the "Certificate Payments") on July 15, 1989 and on each January 15 and July 15 thereafter until and including the Principal Payment Date of this Certificate (each such date, an "Interest Payment Date") unless this Certificate is earlier redeemed as provided herein. The total amount of Certificate Payments to be made with respect to this Certificate shall be equal to the sum of the Principal Amount stated hereon and interest on such Principal Amount at a per annum rate equal to the Interest Rate stated hereon, calculated on the basis of a 30-day month and a 360-day year, accruing from the date determined in the next succeeding paragraph to and including the Principal Payment Date, or, if earlier redeemed, the Redemption Date. The record date for Certificate Payments shall be the fifteenth (15th) day next preceding an Interest Payment Date (the "Record Date"). The payments of the interest components of the Certificate Payments will be by check of the ETA Trustee mailed to the Owner at the address shown on the Certificate registration book as of the applicable Record Date; provided, however, if the Owner (i) requests, prior to the relevant Record Date, that the ETA Trustee make such payments of interest in a manner other than as set forth above, and the ETA Trustee agrees to make such payments in the manner requested, and (ii) pays the ETA Trustee in advance for any costs that the ETA Trustee incurs in complying with such request, then the ETA Trustee shall make such payments in accordance with the Owner's request. The payment of the principal component of this Certificate will be made upon surrender thereof to the ETA Trustee at its principal corporate trust office.

The interest component of this Certificate shall be calculated from December 15, 1988 if this Certificate is executed prior to July 15, 1989. If this Certificate is executed on or subsequent to July 15, 1989, the interest component hereof shall be calculated from the Interest Payment Date next preceding the date of execution hereof, unless such date of execution shall be an Interest Payment Date to which the interest component of this Certificate has been paid or duly provided for, in which case such interest component shall be calculated from the date of execution; provided, however, that if this Certificate is executed

[EQUIPMENT TRUST AGREEMENT]

between a Record Date and the next succeeding Interest Payment Date, the interest component with respect hereto shall be calculated from such succeeding Interest Payment date; provided further, however, that if at the time of execution of this Certificate payment of interest components shall be in default, the interest component with respect hereto shall be calculated from the date to which the interest component with respect hereto has been paid in full or, if no interest component has been paid with respect hereto, the date of execution hereof.

The Certificates are being issued by means of a book-entry system, with Certificates immobilized at The Depository Trust Company, New York, New York ("DTC"), and not available for distribution to the public, evidencing ownership of the Certificates in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants (the "DTC Participants") pursuant to rules and procedures established by DTC and the DTC Participants. The principal and interest components of the Certificate Payments will be paid by the ETA Trustee in immediately available funds to DTC or its nominee, Cede & Co., as Owner of the Certificates. Transfer of principal and interest payments to DTC Participants is the responsibility of DTC, transfer of principal and interest payments to each actual purchaser of each Certificate (the "Beneficial Owner") by DTC Participants will be the responsibility of such DTC Participants and other nominees of the Beneficial Owners. Principal and interest will be payable to DTC Participants, shown on the records of DTC at the close of business on the Record Date preceding such payment date. Neither MBTA nor the ETA Trustee will be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, the DTC Participants or persons acting through such DTC Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Certificates or (b) MBTA or the ETA Trustee determines that continuation of the book-entry system of evidence and transfer of ownership of the Certificates would adversely affect the interests of the Beneficial Owners of the Certificates, MBTA or the ETA Trustee will discontinue the book-entry system with DTC. If MBTA or the ETA Trustee fails to identify another qualified securities depository to replace DTC, the ETA Trustee will authenticate and deliver replacement Certificates in the form of fully registered certificates.

[EQUIPMENT TRUST AGREEMENT]

So long as the book-entry only system remains in effect, transfers of ownership interests in the Certificates will be accomplished by book entries made by DTC and, in turn, by the DTC Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Certificates.

In the event that the book-entry only system is discontinued, the Certificates may be exchanged for an equal aggregate principal amount of Certificates of the same maturity in authorized denominations, upon surrender thereof at the principal trust office of the ETA Trustee. Certificates may be transferred only on the Certificate registration book maintained by the ETA Trustee for such purpose and only upon the surrender thereof to the ETA Trustee with a duly executed assignment in form satisfactory to the ETA Trustee. Exchanges and transfers will be without expense to the owner of the Certificate except for applicable taxes or other governmental charges, if any.

This Certificate has been executed and delivered by the ETA Trustee pursuant to the terms of the Agreement. Copies of the Agreement, the Municipal Lease and the Municipal Sublease are on file at the principal corporate trust office of the ETA Trustee, and reference is hereby made thereto and to any and all amendments thereof for a description of the security for the Certificates, the nature, extent and manner of enforcement of such security, the rights with respect thereto and the other terms and conditions upon which the Certificates are delivered thereunder.

The Certificates are subject to redemption, at the option of the ETA Trustee upon the written direction of MBTA, (i) in whole or in part (in inverse order of maturity and by lot within a maturity), at par plus accrued interest, on December 22, 2006 and on any Interest Payment Date thereafter upon prepayment by MBTA to the ETA Trustee of unpaid Rental Payments, adjusted to eliminate the unaccrued interest portion thereof, and (ii) in whole or in part (in inverse order of maturity and by lot within a maturity), at par plus accrued interest, on any Interest Payment Date, following the occurrence of an Event of Loss, as defined in the Municipal Sublease.

The Certificates maturing on January 15, 2006 and January 15, 2014 are subject to mandatory redemption prior

[EQUIPMENT TRUST AGREEMENT]

to maturity on January 15 in the years shown below, at par plus accrued interest, in the amounts set forth below:

Certificates Due January 15, 2006

<u>Year</u>	<u>Principal Amount</u>
2002	\$1,140,000
2003	1,140,000
2004	1,140,000
2005	1,135,000
2006	1,135,000

Certificates Due January 15, 2014

<u>Year</u>	<u>Principal Amount</u>
2007	\$1,135,000
2008	1,135,000
2009	1,135,000
2010	1,135,000
2011	1,135,000
2012	1,135,000
2013	1,135,000
2014	1,130,000

The ETA Trustee, upon the written direction of MBTA, from amounts on deposit in the Certificate Fund and any other available moneys, may purchase Certificates to satisfy such sinking fund redemptions in the amounts and in the years set forth above. The Certificates so retired may be credited against the Certificate Payments due with respect to any mandatory sinking fund redemption date.

The terms governing the foregoing redemptions are contained in the Agreement. Notice of redemption will be mailed to DTC or its nominee, as long as it remains the sole Owner (and to each Owner thereafter). Neither the MBTA nor the ETA Trustee will be responsible for mailing notices of redemption to anyone other than DTC or its nominee as long as it remains the sole Owner. Any failure of DTC or its nominee to advise any DTC Participant, or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Certificates called for redemption or of any other action premised on such notice. Notice of redemption hereof shall be mailed, first class postage prepaid, to the Owner of this Certificate not less than

[EQUIPMENT TRUST AGREEMENT]

thirty (30) but not more than forty-five (45) days prior to the date set for redemption. On the specified redemption date, if there are sufficient funds on deposit with the ETA Trustee to redeem the Certificates, no interest in excess of the accrued interest to the redemption date shall be payable to an Owner.

Upon the occurrence of a Municipal Sublease Event of Default or an Event of Nonappropriation (as such terms are defined in the Municipal Sublease), the ETA Trustee may declare the principal amount of all outstanding Certificates to be immediately due and payable, as more fully set forth in the Agreement.

The Certificates are secured by a security interest in favor of the Trustee in (i) the Equipment and in all additions, attachments, accessions and substitutions to or for the Equipment and in any proceeds of the Equipment, (ii) the moneys held in funds and accounts established under the Agreement and (iii) all moneys received by MBTA pursuant to a Contract for Financial Assistance dated as of December 1, 1988 by and between the Commonwealth of Massachusetts (the "Commonwealth") and MBTA (the "Contract for Financial Assistance") and pursuant to Sections 12, 13 and 28 of Chapter 161A of the General Laws of the Commonwealth, as amended.

THE OBLIGATION OF MBTA TO MAKE EACH RENTAL PAYMENT IS SUBJECT TO THE CONDITION THAT (I) ALL RENTAL PAYMENTS BECOMING DUE IN THE FISCAL YEAR IN WHICH SUCH RENTAL PAYMENT BECOMES DUE ARE SHOWN AS CURRENT EXPENSE IN AN ITEMIZED BUDGET OF THE AUTHORITY APPROVED BY ITS ADVISORY BOARD (THE "BOARD"), (II) THE BOARD SHALL NOT HAVE REDUCED THE LINE ITEM OF THE BUDGET IN WHICH RENTAL PAYMENTS ARE SHOWN AS SUBMITTED TO IT BY THE AUTHORITY FOR SUCH FISCAL YEAR BY AN AMOUNT EQUAL TO SUCH RENTAL PAYMENTS, AND (III) THE BOARD SHALL NOT HAVE DETERMINED, AS EVIDENCED IN ITS OFFICIAL RECORDS OF ITS DELIBERATIONS WITH RESPECT TO THE APPROVAL OF SUCH BUDGET, THAT SUCH RENTAL PAYMENTS SHALL NOT BE INCLUDED AS CURRENT EXPENSE IN THE AUTHORITY'S BUDGET FOR SUCH FISCAL YEAR (COLLECTIVELY, AN "APPROPRIATION"). A FAILURE BY MBTA TO MAKE FULL PAYMENT OF A RENTAL PAYMENT WHEN DUE DURING A FISCAL YEAR FOR WHICH AN APPROPRIATION HAS NOT OCCURRED SHALL (1) RELIEVE MBTA OF ANY OBLIGATION TO PAY RENTAL PAYMENTS BECOMING DUE IN THE FISCAL YEAR IN RESPECT OF WHICH AN APPROPRIATION SHALL NOT HAVE OCCURRED AND IN ALL FISCAL YEARS THEREAFTER, AND (2) CAUSE TERMINATION OF THE MUNICIPAL SUBLEASE.

[EQUIPMENT TRUST AGREEMENT]

IN WITNESS WHEREOF, The Connecticut National Bank, as trustee, has caused this Certificate to be manually signed by its Authorized Officer and a facsimile of its seal to be imprinted hereon, and attested by the manual or facsimile signature of its authorized signatory, all as of the 15th day of December, 1988.

THE CONNECTICUT NATIONAL BANK,
as trustee

(SEAL)

By: _____
Title: Authorized Officer

Attest:

By: _____
Title: Authorized Signatory

Date of Execution: _____

ASSIGNMENT

FOR VALUE RECEIVED, _____

the undersigned do(es) hereby sell, assign, and transfer unto

(Name) _____ (Address) _____

Identification Number or Social Security Number/Employer Number

the within-mentioned registered Certificate and hereby
irrevocably constitute(s) and appoint(s) _____

attorney, to transfer the same on the Certificate Register of
the ETA Trustee with full power of substitution in the
premises.

Dated: _____

Note: The signature(s) on this
Assignment must correspond with
the name(s) as written on the
face of the within registered
Certificate in every particular
without alteration or
enlargement or any change
whatsoever

Signature(s) Guaranteed:

(Name of Bank)

By: _____
(Signature of Bank Officer)

FORM OF OPINION OF SPECIAL COUNSEL

DEWEY, BALLANTINE, BUSHBY, PALMER & WOOD
140 Broadway
New York, New York 10005

December 22, 1988

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
\$28,565,000 Certificates of Participation
Series 1988

We have acted as special counsel to the Massachusetts Bay Transportation Authority (the "Authority") with respect to the issuance of the Certificates described above. The Certificates are issued under and pursuant to an Equipment Trust Agreement dated as of December 1, 1988 (the "Trust Agreement"), between The Connecticut National Bank, as trustee (the "Trustee") and the Authority.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Certificates (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Each of the Certificates evidences an interest in the right, title and interest of the Trustee in (1) that certain Lease Agreement dated as of December 1, 1988 by and between the Authority, Lessor and the Trustee, Lessee (the "Lease"); (2) that certain Sublease Agreement dated as of December 1, 1988 by and between the Trustee, Sublessor, and the Authority, Sublessee (the "Sublease"); and (3) the right to receive the rental payments ("Rental Payments") to be made by or on behalf of the Authority pursuant to the Sublease, all with respect to 30 commuter rail coaches (the "Equipment"). The Sublease identifies the interest component of each Rental Payment as interest, and each Certificate

[EQUIPMENT TRUST AGREEMENT]

identifies a component of each payment with respect thereto as interest ("Interest").

The obligation of the Authority to make Rental Payments is, with respect to each Rental Payment, subject to the condition that (i) in accordance with Section 5(i) of chapter 161A of the General Laws of Massachusetts (the "Act"), all Rental Payments becoming due in the fiscal year in which such Rental Payment becomes due are shown as current expense in an itemized budget of the Authority approved by its Advisory Board (the "Board"), (ii) the Board shall not have reduced the line item of the budget in which Rental Payments are shown as submitted to it by the Authority for such fiscal year by an amount equal to such Rental Payments, and (iii) the Board shall not have determined, as evidenced in its official records of its deliberations with respect to the approval of such budget, that such Rental Payments shall not be included as current expense in the Authority's budget for such fiscal year. Rental Payments with respect to which the above-described condition has been satisfied are referred to herein as "Appropriated Rental Payments". The Commonwealth and the Authority have entered into a contract (the "Assistance Contract") by which the Commonwealth has undertaken to pay when due ninety percent of each Appropriated Rental Payment.

Upon a failure of the Authority to make full payment of a Rental Payment on a Rental Payment Due Date (as defined in the Sublease) during a fiscal year of the Authority with respect to which an Appropriation has not occurred (an "Event of Nonappropriation"), the Sublease provides that it shall terminate and the Authority will no longer be obligated to make payment of any Rental Payments.

Article 12 of the Trust Agreement purports to create a security interest in favor of the Trustee for the benefit of the owners of the Certificates to secure the obligations of the Authority created by the Lease, the Sublease and the Trust Agreement, including the Authority's obligation to redeliver the Equipment upon termination of the Sublease following an Event of Nonappropriation. Article 9 of that certain Agreement to Purchase and Lease, dated as of December 10, 1988, among the Authority, DB Export-Leasing GmbH, NEMLC Leasing Corporation and the Trustee (the "Agreement to Purchase and Lease"), purports to grant to the Trustee a security interest to secure its grant to the Trustee of a power of sale with respect to the Equipment.

[EQUIPMENT TRUST AGREEMENT]

The Authority has received a ruling from the Department of Revenue of the Commonwealth, dated December 13, 1988, which holds that Interest received by owners of Certificates is excluded from Massachusetts gross income for purposes of Massachusetts personal income tax (the "State Tax Ruling").

We have examined such matters of law, including the Act, and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Authority is a duly organized and existing body politic and corporate and a political subdivision of the Commonwealth, with the corporate power to enter into the Trust Agreement, the Lease, the Sublease, and the Agreement to Purchase and Lease.

2. The Trust Agreement, the Lease, the Sublease, and the Agreement to Purchase and Lease have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereto, are valid and binding obligations of the Authority enforceable upon the Authority. The Certificates comply with, have been delivered in accordance with, are substantially in the form set forth in, and are entitled to the benefits of, the Trust Agreement.

3. The obligation of the Authority to pay Appropriated Rental Payments is a valid direct and general obligation of the Authority enforceable upon the Authority.

4. The Trust Agreement and the Agreement to Purchase and Lease validly create the security interests they purport to create (the "Security"). All things required to establish the first priority nature of the Security under Massachusetts and federal law have been accomplished and, assuming the timely filing of any necessary continuation statements, the Trustee will have a valid and enforceable secured right to recover from the proceeds of sale of the Equipment an amount equal to Adjusted Unpaid Rent (as defined in the Sublease) and any other amounts due under the Sublease

upon an Event of Default (as defined in the Sublease) or an Event of Nonappropriation. In rendering the opinions expressed in this paragraph, we have relied upon the opinion addressed to us, of even date herewith, of Gregory C. Flynn, General Counsel to the Authority, with respect to matters governed by Massachusetts law.

5. Section 12 of the Act provides that the Commonwealth shall pay over to the Authority the amount of the Authority's net cost of service if, as of the last day of December in any year, the Authority shall notify the treasurer of the Commonwealth of any such net cost of service. Section 13 of the Act requires the Commonwealth to make interim payments to the Authority on account of the net cost of service upon certification by the Authority to the treasurer of the Commonwealth of such cost. Appropriated Rental Payments will be part of such net cost of service. The Assistance Contract is authorized by Section 28 of the Act and has been duly executed and delivered by the parties thereto.

6. The Authority is subject to suit but its property is not generally subject to attachment or levy to pay a judgement for payment of Appropriated Rental Payments.

7. Payments of Interest (and any accruals of original issue discount properly allocable to a Certificate owner) are, except as hereinafter described, excluded from gross income for federal income tax purposes, and are not items of tax preference for purposes of computing the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that Interest is taken into account in determining "adjusted net book income" or, for taxable years beginning after 1989, "adjusted current earnings" for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). The opinions set forth in this paragraph are subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of obligations in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority has covenanted to comply with these requirements with respect to Interest. Failure to comply with certain of these requirements may cause the inclusion of Interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Certificates. We

[EQUIPMENT TRUST AGREEMENT]

express no opinion regarding any other federal tax consequences arising with respect to the Lease, the Sublease or the Certificates.

8. Payments of Interest are excluded from Massachusetts gross income for purposes of Massachusetts personal income tax. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Lease, the Sublease or the Certificates. In rendering the opinion expressed in this paragraph, we have relied upon the State Tax Ruling.

In rendering the foregoing opinions, we are not passing upon the application of bankruptcy, insolvency, moratorium or reorganization laws affecting the remedies for the enforcement of the rights and security provided in the Certificates, the Trust Agreement of the Act or the effect of the exercise of the police power of any body having jurisdiction, and no opinion is expressed upon the availability of the remedy of specific enforcement, injunctive relief or any other equitable remedy.

Very truly yours,

FORM OF MUNICIPAL LEASE

EXHIBIT E

FORM OF MUNICIPAL SUBLEASE

DESCRIPTION OF EQUIPMENT

<u>MBTA Identification Number</u>	<u>Manufacturer's Identification Number</u>
517	02-142
518	02-143
519	02-144
520	02-145
521	02-146
522	02-147
523	02-148
524	02-149
525	02-150
526	02-151
527	02-152
528	02-153
529	02-154
530	02-155
531	02-156
1517	02-125
1518	02-126
1519	02-127
1520	02-128
1521	02-129
1522	02-130
1523	02-131
1524	02-132
1525	02-133
1526	02-134
1527	02-135
1528	02-136
1529	02-137
1530	02-138
1531	02-139