

GOODWIN, PROCTER & HOAR

(A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS)

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August 29, 1990

16984/A

RECORDATION NO

FILED 1425

AUG 30 1990 9 45 AM

INTERSTATE COMMERCE COMMISSION

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

0-242A010

Dear Secretary:

I have enclosed two originals of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Sublease Agreement (the "Sublease"), a primary document, dated as of August 15, 1990.

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

Sublessor:

Shawmut Bank, N.A., as Trustee
One Federal Street
Boston, Massachusetts 02211

and

Sublessee:

Massachusetts Bay Transportation Authority
Transportation Building
Ten Park Plaza
Boston, Massachusetts 02116

A description of the equipment covered by the document follows:

Ninety-seven (97) commuter rail passenger coaches (the "Equipment") manufactured by Bombardier Inc. (the "Manufacturer"), sold to Massachusetts Bay Transportation Authority ("MBTA"), and identified by the MBTA identification numbers (and AAR designations) and the Manufacturer's identification numbers set forth on Exhibit A hereto (which also contains a more particular description of the Equipment).

GOODWIN, PROCTER & HOAR

Secretary, Interstate Commerce Commission
August 29, 1990
Page 2

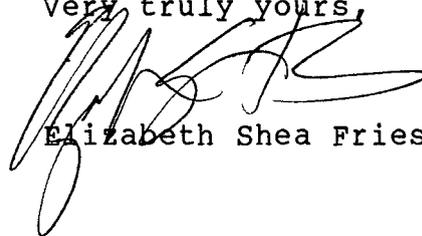
A fee of \$15.00 is enclosed. Please date stamp and return one original and any extra copies not needed by the Commission for recordation to the undersigned.

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

Sublease Agreement between Shawmut Bank, N.A., Trustee and Sublessor, and Massachusetts Bay Transportation Authority, Sublessee, dated as of August 15, 1990, covering 97 Commuter Rail Passenger Coaches.

Please acknowledge receipt of this transmittal letter and its enclosures by appropriately stamping the enclosed copy of this letter and returning it to the undersigned in the addressed envelope enclosed for your convenience.

Very truly yours,



Elizabeth Shea Fries

Enclosures: Sublease Agreement (with Schedules) - Two
Notarized Originals
Transmittal Letter (copy)
Check (\$15.00)
Return Envelope (Postage Prepaid)

Attachment: Exhibit A

YP-7642/M

EXHIBIT A

DESCRIPTION OF EQUIPMENT

The Equipment which is the subject of the Sublease consists of ninety-seven (97) commuter rail passenger coaches manufactured by Bombardier Inc., and designed for push-pull operation in a train consisting of up to eleven cars. The cars are of two types: control trailer cars which are equipped with an enginemans's control compartment and blind trailer cars which are not equipped with controls. The control trailer car configuration permits control of the locomotive from the enginemans's control compartment which converts into a normal vestibule area when the locomotive is leading. Although the control trailer car will normally be located at the end of the train farthest from the locomotive, a control trailer can be placed in any position throughout the train, in which case it will function as a blind trailer car. Both the control trailer car and the blind trailer car have a total seating capacity of 122 passengers with a seating arrangement comprising 22 triple seats, 24 double seats, 1 bulkhead double seat, 1 double folding seat without wheelchair tiedown device, and 2 double folding seats with wheelchair tiedown device. The cars will be used by the MBTA in connection with its commuter rail service.

Each coach is more particularly described below:

	<u>MBTA</u> <u>IDENTIFICATION NUMBER</u>	<u>MANUFACTURER'S</u> <u>IDENTIFICATION NUMBER</u>
1.	600	399
2.	601	401
3.	602	403
4.	603	405
5.	604	407
6.	605	409
7.	606	411
8.	607	413
9.	608	415
10.	609	417
11.	610	419
12.	611	421
13.	612	423
14.	613	425
15.	614	427
16.	615	429
17.	616	431
18.	617	433
19.	618	435
20.	619	437

LESSOR'S
IDENTIFICATION NUMBER

MANUFACTURER'S
IDENTIFICATION NUMBER

21.	620	439
22.	621	441
23.	622	443
24.	623	445
25.	624	447
26.	625	449
27.	626	451
28.	627	453
29.	628	505
30.	629	507
31.	630	509
32.	631	511
33.	632	513
34.	633	515
35.	634	517
36.	635	519
37.	636	521
38.	637	523
39.	638	525
40.	639	527
41.	640	529
42.	641	531
43.	642	533
44.	643	535
45.	644	537
46.	645	539
47.	646	541
48.	647	543
49.	1600	398
50.	1601	400
51.	1602	402
52.	1603	404
53.	1604	406
54.	1605	408
55.	1606	410
56.	1607	412
57.	1608	414
58.	1609	416
59.	1610	418
60.	1611	420
61.	1612	422
62.	1613	424
63.	1614	426
64.	1615	428
65.	1616	430
66.	1617	432
67.	1618	434

LESSOR'S
IDENTIFICATION NUMBER

MANUFACTURER'S
IDENTIFICATION NUMBER

68.	1619	436
69.	1620	438
70.	1621	440
71.	1622	442
72.	1623	444
73.	1624	446
74.	1625	448
75.	1626	450
76.	1627	452
77.	1628	504
78.	1629	506
79.	1630	508
80.	1631	510
81.	1632	512
82.	1633	514
83.	1634	516
84.	1635	518
85.	1636	520
86.	1637	522
87.	1638	524
88.	1639	526
89.	1640	528
90.	1641	530
91.	1642	532
92.	1643	534
93.	1644	536
94.	1645	538
95.	1646	540
96.	1648	544
97.	1650	548

16984
18984 A
RECORDATION NO. FILED 1425

AUG 30 1990 9 45 AM
INTERSTATE COMMERCE COMMISSION

SUBLEASE AGREEMENT

Dated as of August 15, 1990

by and between

SHAWMUT BANK, N.A., not in its
individual capacity, but solely as Trustee
Sublessor

and

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
Sublessee

97 Bombardier Commuter Rail Passenger Coaches

SUBLEASE AGREEMENT

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THIS SUBLEASE AGREEMENT dated as of August 15, 1990 is executed by and between SHAWMUT BANK, N.A., a national banking association, not in its individual capacity, but solely as the ETA Trustee under the Equipment Trust Agreement, as Sublessor, and MASSACHUSETTS BAY TRANSPORTATION AUTHORITY, a body politic and corporate and a political subdivision of The Commonwealth of Massachusetts, as Sublessee.

W I T N E S S E T H:

WHEREAS, Sublessor desires to sublease the Equipment to Sublessee, and Sublessee desires to sublease the same from Sublessor, upon the terms and conditions and for the purposes set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants 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 Sublease Agreement, including the preceding recitals, have the respective meanings specified in Schedule X hereto unless the context clearly otherwise requires.

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" refer to this entire Sublease 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 II

REPRESENTATIONS

Section 2.1. Representations by Sublessor. Sublessor represents and warrants to Sublessee that:

(a) Sublessor is a national banking association organized and existing under the laws of the United States of America. Sublessor is authorized to enter into the transactions contemplated by this Sublease Agreement and to carry out its obligations hereunder. Sublessor has been duly authorized to execute and deliver this Sublease Agreement.

(b) Sublessor has acquired a leasehold interest in the Equipment pursuant to the Municipal Lease, has not subjected the Equipment to any liens or encumbrances and, by this Sublease Agreement, has subleased the Equipment to Sublessee.

(c) The execution and delivery of this Sublease Agreement, the consummation of the transactions described herein, and the fulfillment of or compliance with the terms, conditions and provisions of this Sublease Agreement 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 Sublessor is now a party or by which it is bound, or constitute a default under any of the foregoing.

Section 2.2. Representations by Sublessee. Sublessee represents and warrants to Sublessor that:

(a) Sublessee is a public body corporate and politic duly organized and validly existing under the Constitution and laws of the Commonwealth.

(b) Sublessee qualifies as a political subdivision of a state of the United States of America for purposes of Section 103(c)(1) of the Code and Section 3(a)(2) of the Securities Act, and the Interest Component of each payment with respect to Certificates will be treated as interest excluded from gross income for federal income tax purposes under the provisions of Section 103 of the Code.

(c) Sublessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body corporate and politic.

(d) Sublessee is authorized under the Constitution and laws of the Commonwealth to enter into this Sublease Agreement and the transactions described herein and to perform all of its obligations hereunder.

(e) Sublessee has been duly authorized to execute and deliver this Sublease Agreement under the terms and provisions of a resolution of its Board; Sublessee has complied with such public bidding requirements as may be applicable to this Sublease Agreement and the leasing by Sublessee of the

Equipment hereunder; and this Sublease Agreement has been duly executed and delivered by Sublessee.

(f) During the Municipal Sublease Term, the Equipment will be used by Sublessee only for the purpose of performing one or more essential governmental or proprietary functions of Sublessee consistent with the permissible scope of Sublessee's authority.

(g) Sublessee reasonably believes on the date hereof that funds are available or can be obtained sufficient to pay all Rental Payments and other sums due hereunder during the Municipal Sublease Term (except for action to be taken from time to time by the Advisory Board and the General Court of the Commonwealth).

(h) Sublessee's Fiscal Period begins on July 1 and ends on June 30. Sufficient funds have been appropriated to pay Rental Payments through Sublessee's Fiscal Period ending on June 30, 1991.

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

(j) No Event of Loss or any event which with the passage of time would become an Event of Loss has occurred with respect to any Item of Equipment.

ARTICLE III

DEMISING CLAUSE

Section 3.1. Demise of the Equipment. Sublessor rents, subleases and sublets to Sublessee, and Sublessee rents, subleases and hires from Sublessor for the Rental Payments and upon and subject to the terms and conditions herein set forth, all rights and interests of Sublessor in the Equipment, subject to Permitted Liens (but not Lessor Liens), for a term commencing on August 15, 1990 and ending on August 1, 2015, except as otherwise provided herein.

Section 3.2. Net Sublease. This Sublease Agreement shall be deemed and construed to be a "net sublease," and Sublessee shall pay absolutely net during the Municipal Sublease Term the

Rental Payments and all other payments required hereunder, free of any deductions, and without abatement, deduction or set-off, for costs, fees, charges and expenses related to the installation, use, possession, taxes, operation, maintenance, repair and return of the Equipment, insurance premiums and comparable costs, other than those deductions herein expressly provided.

ARTICLE IV

QUIET ENJOYMENT: SUBRENTAL PROVISIONS

Section 4.1. Quiet Enjoyment. Sublessor will maintain the Sublease Agreement in full force and effect in accordance with its terms and will not take any action, other than pursuant to Sections 5.2, 6.7 and 11.2, to prevent Sublessee from having quiet and peaceable possession and enjoyment of the Equipment during the Municipal Sublease Term and will, at the request of Sublessee, and at its cost, cooperate with Sublessee in order that Sublessee may have quiet and peaceable possession and enjoyment of the Equipment.

Section 4.2. Rental Payments. (a) Sublessee shall pay a Rental Payment in lawful money of the United States of America on each Rental Payment Due Date during the Municipal Sublease Term in an amount determined pursuant to Section 4.2(b), provided, however, that the obligation to pay Rental Payments shall, with respect to each Rental Payment, be subject to the condition that an Appropriation shall have occurred with respect to the Fiscal Period in which the Rental Payment Due Date for such Rental Payment occurs.

(b) Each Rental Payment to be paid by Sublessee shall be in an amount sufficient to pay the Principal Component and Interest Component becoming due on Certificates Outstanding on the Rental Payment Due Date on which such Rental Payment becomes due, minus any other moneys available therefor in the Certificate Fund. As of the date hereof, Sublessor and Sublessee anticipate that the Rental Payment to be paid by Sublessee on each Rental Payment Due Date shall be the amount in the "Rental Payment" column set forth in Schedule A hereto opposite such Rental Payment Due Date. Schedule A hereto may be amended from time to time in accordance with Section 7.2 and Section 12.2. Each Rental Payment shall constitute payment under this Sublease Agreement for the six-month period ending on the Rental Payment Due Date on which such Rental Payment is made, except that the first Rental Payment shall constitute payment under this Sublease Agreement for the period commencing on the dated date of the Certificates and ending on February 1, 1991.

Section 4.3. Early Termination upon Event of Nonappropriation; Notice. (a) Upon an Event of Nonappropriation, this Sublease Agreement shall terminate and Sublessee shall no longer be obligated to make payment of any Rental Payments becoming due in the Fiscal Period in respect of which an Appropriation shall not have occurred and all Fiscal Periods thereafter, without prejudice to any obligation of Sublessee under this Sublease Agreement (including, without limitation, any other payment obligation) arising prior to such termination. Notwithstanding any provision contained herein to the contrary, any and all remedies available to Sublessor or to the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy) upon the occurrence of an Event of Nonappropriation shall survive the termination of this Sublease Agreement.

(b) If at any time an Appropriation has not occurred with respect to the next ensuing Fiscal Period, Sublessee shall promptly give written notice of that fact to Sublessor with a copy to the Certificate Insurer. If a budget of Sublessee that does not constitute an Appropriation with respect to the next ensuing Fiscal Period has been adopted by the Board, Sublessee shall promptly give written notice of such fact to Sublessor with a copy to the Certificate Insurer.

Section 4.4. Tax Exemption Covenant. Sublessee and Sublessor intend that the portion of each Rental Payment that is equal to the Interest Component of such Rental Payment ("Interest") shall be interest excluded from gross income for federal income tax purposes. In order to maintain the exclusion from gross income of the Interest for federal income tax purposes, Sublessee 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, Sublessee covenants (i) that it will not make or permit any use of any funds that are or would be treated as proceeds of the Municipal Lease and this Agreement 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, (ii) that it will comply with the requirements of Section 148(f) of the Code so as to prevent the Municipal Lease and this Sublease Agreement, and the Certificates, from being determined to be arbitrage bonds within the meaning of Section 148 of the Code, and (iii) that it will agree to amend the Municipal Lease, this Municipal Sublease and/or the Equipment Trust Agreement as may be required, as determined by nationally recognized bond counsel, in order to maintain the exclusion from gross income of the Interest for federal income tax

purposes, provided such amendments will not in any way adversely affect the rights of MBTA, as determined in the sole and absolute discretion of MBTA. In order to implement the foregoing covenants, Sublessee agrees to comply with any MBTA Investment Instructions and Rebate Instructions delivered to it by Special Counsel. Sublessee also covenants that it will not take any action that would cause Interest to be an item of tax preference for purposes of the alternative minimum tax imposed by the Code on individuals and corporations, provided, however, that the parties acknowledge that, the aforesaid covenant notwithstanding, with respect to certain Persons, such Interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989) for purposes of such alternative minimum tax. The covenants set forth in this Section 4.4 shall survive the expiration or termination of this Sublease Agreement.

Section 4.5. Payment of Fees and Expenses. Sublessee, on each Rental Payment Due Date, shall pay directly to Sublessor, for deposit into the Additional Rent Account, any amounts to be paid as Additional Rent that, as of such Rental Payment Due Date, are then owing. Sublessor, as the ETA Trustee, promptly thereafter shall disburse to the appropriate Person(s) such amounts that are to be paid from the Additional Rent Account, only to the extent, however, of the available balance in the Additional Rent Account. If Sublessee fails to pay to Sublessor on any Rental Payment Due Date the required amounts to be paid to Sublessor as Additional Rent, then such outstanding amounts shall accrue interest at the Corporate Base Rate plus two percent (2%) per annum until paid and, until paid, shall be secured by a first lien on the Equipment and the Funds (except for the Rebate Fund) and other property held hereunder by Sublessor.

Section 4.6. Investment Losses. Any Rental Payment to be made on any Rental Payment Due Date, and any payment to be made on any Redemption Date in respect of an optional redemption or a redemption upon the occurrence of an Event of Loss pursuant to Section 6.1(b) or Section 6.1(c), respectively, of the Equipment Trust Agreement, shall be in an amount sufficient to pay the Rental Payment due on such Rental Payment Due Date or such other payment on such Redemption Date, as the case may be, including amounts necessary to make up for investment losses, if any, with respect to moneys on deposit in the Funds held for the purpose of making such Rental Payment or such other payment in respect of a redemption described above.

ARTICLE V

SPECIAL COVENANTS

Section 5.1. No Warranty of Condition or Suitability by Sublessor. Sublessor makes no warranty, either express or

implied, as to the Equipment or that it will be suitable for the purpose or needs of Sublessee.

Section 5.2. Inspection of the Equipment. Sublessor and its duly authorized agent shall have the right at all reasonable times to examine and inspect the Equipment. The rights set forth in this Section shall be exercised only upon reasonable notice to Sublessee and such examinations and inspections shall be subject to reasonable safety requirements.

Section 5.3. Annual Statement. Sublessee shall each year have an annual audit made by its regular independent certified public accountants and furnish Sublessor and the Certificate Insurer (when such information is made publicly available) with a balance sheet and statement of income and surplus showing its financial condition at the close of such Fiscal Period and the results of its operations for such Fiscal Period accompanied by a certificate or opinion of said accountants. In addition, Sublessee shall annually provide Sublessor and the Certificate Insurer with such other financial information relating to Sublessee and the Commonwealth as may be reasonably requested by Sublessor or the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy).

Section 5.4. Further Assurances and Corrective Instruments. Subject to Article X of the Equipment Trust Agreement, Sublessor and Sublessee will execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, from time to time, such amendments and supplements required for correcting any inadequate or incorrect description of the Equipment hereby subleased or intended so to be or for carrying out the intention of or facilitating the performance of this Sublease Agreement. This Sublease Agreement may not be amended, changed, modified, altered or terminated except in accordance with the applicable provisions of the Equipment Trust Agreement.

Section 5.5. Contract Assistance. Sublessee shall, at all times until all the Equipment shall have been returned or purchased, and until all other obligations of Sublessee under this Sublease Agreement shall have been satisfied, fully and promptly exercise all rights and pursue all claims and remedies which are available to Sublessee against the Commonwealth with respect to the payment by the Commonwealth of, or the reimbursement of Sublessee by the Commonwealth with respect to, Rental Payments, including, without limitation, all rights, remedies or claims from time to time possessed by Sublessee under the Contract for Financial Assistance and/or under Sections 12, 13 or 28 of the Act (such specific statutory provisions or other statutory provisions from time to time providing rights, claims or remedies in favor of Sublessee as

against the Commonwealth with respect to Rental Payments which are substantially equivalent thereto are collectively referred to herein as the "Contract Assistance Provisions"). Without limitation to the foregoing, Sublessee agrees with Sublessor as follows:

(a) Sublessee shall in a timely fashion take all lawful actions not in violation of its statutory obligations to cause an Appropriation to be made for each of its Fiscal Periods during the Municipal Sublease Term;

(b) Sublessee shall in a timely fashion in each Fiscal Period submit to the Advisory Board an itemized budget (with a copy to the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy)) which includes, in the line item thereof in which rental payments are shown, an amount sufficient to pay one hundred percent (100%) of its estimated current expenses in respect of its obligations under this Municipal Sublease for such Fiscal Period including one hundred percent (100%) of the Rental Payments; provided, however, that Sublessee may show separately in such line item a reduction for any amount to be received in such Fiscal Period pursuant to the Contract for Financial Assistance or any other financial assistance arrangements with the Commonwealth or others;

(c) Promptly after becoming aware that the Rental Payments and any Additional Rent payable hereunder in any Fiscal Period is or shall be greater than the Rental Payments and Additional Rent previously budgeted for such Fiscal Period, Sublessee shall take all lawful actions to include or cause to be included a supplemental budget for such Fiscal Period covering the amount by which such aggregate actual amount of Rental Payments and Additional Rent exceeds such previously budgeted aggregate amount;

(d) Sublessee will promptly submit to the Treasurer of the Commonwealth (with a copy to the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy)) all reports, requests, certificates or other instruments required to obtain payment from the Commonwealth under the Contract Assistance Provisions and under the Contract for Financial Assistance; and

(e) Sublessee will not enter into any amendment to the Contract for Financial Assistance without the consent of the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy).

If prior to any Rental Payment Due Date Sublessee has Actual Knowledge that it will be without funds sufficient to pay in full the Rental Payment due on such Rental Payment Due Date, Sublessee shall immediately execute and deliver to the Treasurer of the Commonwealth (with a copy to the Certificate Insurer) a certification under Sections 12 or 13 of the Act calling for the payment by the Commonwealth to Sublessee of the net cost of service consisting of that portion of the Rental Payment for which Sublessee lacks sufficient funds. If the Commonwealth does not promptly pay the amount so certified, Sublessee shall promptly and diligently proceed against the Commonwealth through the use of all appropriate judicial remedies to obtain payment of the amount so certified.

ARTICLE VI

MAINTENANCE; OPERATION; REPLACEMENT OF PARTS; MODIFICATION; TAXES; INSURANCE AND OTHER CHARGES

Section 6.1. Maintenance of Equipment by Sublessee. During the Municipal Sublease Term and the storage period referred to in Section 14.1, Sublessee, at no expense to Sublessor, shall maintain, inspect, service, repair, overhaul and test, or cause to be maintained, inspected, serviced, repaired, overhauled and tested, each Item of Equipment so as to keep such Item of Equipment in good operating condition, ordinary wear and tear from the careful and proper use thereof excepted, otherwise in conformity with the operating, running, maintenance and repair manuals, instructions and service bulletins furnished by the Manufacturer or by any subcontractor or supplier of the Manufacturer, and in accordance with Sublessee's standard practices for similar equipment, which practices shall be deemed to include without limitation Sublessee's maintenance program for the Equipment, as such program may be from time to time in effect. Sublessee shall maintain all records, logs and other materials required by all Governmental Authorities to be maintained in respect of the Equipment and shall promptly furnish to Sublessor upon Sublessor's request such information as may be required to enable Sublessor to file any reports required to be filed with any Governmental Authority as a result of Sublessor's interest in any Item of Equipment.

Section 6.2. Operation. (a) Sublessee shall not permit any Item of Equipment to be maintained, serviced, repaired, overhauled, tested, used or operated in violation of any applicable law, rule, regulation or order of any Governmental Authority, or in violation of any license or regulation relating to any Item of Equipment issued by any such Governmental Authority; provided, however, that Sublessee may

contest in good faith the validity thereof in any reasonable manner which does not adversely affect Sublessor and which is consistent with and does not impair the continuance in full force and effect of any insurance required to be maintained pursuant to Section 6.6. If any such law, rule, regulation or order requires alteration of any Item of Equipment, Sublessee will comply therewith or cause such compliance at no expense to Sublessor, and will maintain such Item of Equipment in proper operating condition under such law, rule, regulation or order; provided, however, that Sublessee may contest in good faith the validity thereof in any reasonable manner which does not adversely affect Sublessor and which is consistent with any insurance required to be maintained pursuant to Section 6.6.

(b) Sublessee agrees that (i) it will not operate or locate any Item of Equipment, or suffer any Item of Equipment to be operated or located, in any area or on any route or in any manner excluded from coverage by any insurance required by the terms of Section 6.6 and (ii) it will not operate the Equipment at any time that any Municipal Sublease Event of Default described in the first clause of Section 11.1(e) shall have occurred and be continuing.

(c) Sublessor agrees to take, at Sublessee's request and at no expense to Sublessor, such reasonable actions as may be appropriate to comply with all laws, rules, regulations and orders applicable to Sublessor and necessary to continue the operation of the Equipment to the extent that such actions cannot be taken by Sublessee on behalf of Sublessor.

Section 6.3. Replacement of Parts. Sublessee, at no expense to Sublessor, will promptly replace all Parts which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. In addition, Sublessee may remove in the ordinary course of maintenance, service, repair, overhaul or testing and at no expense to Sublessor, any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use; provided that Sublessee will replace such Parts as promptly as possible and at no expense to Sublessor. All replacement Parts immediately prior to installation on the Equipment shall be free and clear of all Liens other than Permitted Liens (but not Lessor Liens), and shall be in as good operating condition as, and shall have a value and utility at least equal to, the Parts replaced, assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof; provided, however, that Sublessee shall have the right to install temporary replacement Parts pending completion of permanent repairs or installation of permanent replacement Parts, in which event Sublessee shall install permanent replacement Parts

complying with the requirements of this Section 6.3 as soon as reasonably possible and in any event prior to the expiration or other termination of the Municipal Sublease Term. Subject to the provisions of Section 6.4, all Parts at any time removed from any Item of Equipment shall remain subject to the Municipal Lease and this Sublease Agreement, no matter where located, until such time as any such Part shall be replaced by Parts (i) which have been incorporated or installed in or attached to the Item of Equipment from which such replaced Parts were removed and (ii) which meet the requirements for permanent replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to such Item of Equipment as above provided, without further act, (a) such replacement Part shall become subject to the Municipal Lease and this Sublease Agreement and be deemed part of such Item of Equipment for all purposes hereof to the same extent as the Part originally incorporated or installed in or attached to such Item of Equipment, and (b) the replaced Part shall thereupon no longer be subject to the leasehold interest of Sublessor created under the Municipal Lease and shall no longer be deemed a "Part" hereunder.

Section 6.4. Modification or Alteration. (a) Sublessee, at no expense to Sublessor, will make such alterations and modifications in and additions to the Equipment as may be required from time to time (regardless upon whom such requirements are by their terms otherwise imposed) to meet all requirements of Applicable Law; provided, however, that Sublessee may contest in good faith the validity of such requirements in any reasonable manner which does not adversely affect Sublessor and which is consistent with and does not impair the continuance in full force and effect of any insurance required to be maintained pursuant to Section 6.6. In addition, Sublessee, at no expense to Sublessor, may make from time to time such alterations, modifications and additions to any Item of Equipment as Sublessee deems desirable in the proper conduct of its business, including removal of Parts which Sublessee deems obsolete or no longer appropriate or suitable for use in the Equipment (such Parts hereinafter referred to as "Obsolete Parts"); provided that no such alteration, modification, removal or addition changes the basic use or function of the Equipment or diminishes the value, utility, remaining useful life, residual value or condition of such Item of Equipment below the value, utility, remaining useful life, residual value and condition thereof immediately prior to such alteration, modification, removal or addition, assuming such Item of Equipment was then in the condition required to be maintained by the terms of this Sublease Agreement. Except as otherwise set forth in the next succeeding sentence, title to all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature incorporated or installed in or

attached to or added to such Item of Equipment as the result of any such alteration, modification or addition (hereinafter, the "Additions") shall, without further act, no longer be subject to the Municipal Lease and this Sublease Agreement if the Additions can be readily removed from such Item of Equipment without diminishing or impairing the value, utility, remaining useful life, residual value or condition which such Item of Equipment would have had at such time had the alteration, modification, or addition not occurred. The following shall, without further act, become subject to the Municipal Lease and this Sublease Agreement: (i) all Additions which cannot be removed in the manner described in the immediately preceding sentence, (ii) replacement Parts referred to in Section 6.3, (iii) any and all Parts installed on, and Additions and replacements made to, any Item of Equipment which are required for the operation or use of such Item of Equipment by the Interchange Rules of the Association of American Railroads, if applicable, or by the applicable regulations of the Department of Transportation, the Interstate Commerce Commission or any other Governmental Authority, and (iv) Additions intended to enhance the performance or operation of any Item of Equipment; provided that so long as no Municipal Sublease Default or Municipal Sublease Event of Default shall have occurred and be continuing, Sublessee may, at any time during the Municipal Sublease Term, remove any Addition from such Item of Equipment; provided that (i) such Addition is an addition to, and not in replacement of or substitution for, any such Item of Equipment or any Part, (ii) such Addition is not required to be incorporated or installed in or attached or added to such Item of Equipment pursuant to the terms of Section 6.1 or Section 6.3 or the first sentence of this Section 6.4 and (iii) such Addition can be readily removed from such Item of Equipment without diminishing or impairing the value, utility, remaining useful life, residual value or condition which such Item of Equipment would have had at such time had such alteration, modification, or addition not occurred. Upon the removal by Sublessee of any Addition as above provided, such Addition shall, without further act, no longer be subject to the Municipal Lease and this Sublease Agreement and such Addition shall no longer be deemed a "Part" hereunder. Any Addition not removed by Sublessee as above provided prior to the return of such Item of Equipment to Sublessor hereunder shall remain subject to the leasehold interest of Sublessor.

(b) Sublessor shall not bear any liability or cost for any alteration, modification, addition or removal to or of any Item of Equipment or any Part.

Section 6.5. Taxes, Other Governmental Charges and Utility Charges. The parties to this Sublease Agreement contemplated that the Equipment will be used for a governmental or proprietary purpose of Sublessee and, therefore, that the

Equipment will be exempt from all taxes currently assessed and levied with respect to personal property. In the event the use, possession or acquisition of the Equipment is found to be subject to taxation in any form, Sublessee will pay, as Additional Rent, during the Municipal Sublease Term, as the same respectively become due, all taxes, fees, assessments and charges of any kind whatsoever that may at any time be assessed or levied against or imposed upon or with respect to the Equipment (and/or any equipment or other property acquired by Sublessee in substitution for, as a renewal or replacement of, or as a modification, improvement or addition to, the Equipment, as well as all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Equipment) by any federal, state or local government or taxing authority. In the event of the levying, assessment or imposition of any such taxes, fees or charges on or with respect to the Equipment, Sublessee shall promptly notify Sublessor of the same and shall provide proof of payment or protest.

Section 6.6. Provisions Regarding Insurance. (a) Sublessee, at no expense to Sublessor, will maintain or cause to be maintained at all times during the Municipal Sublease Term and the storage period referred to in Section 14.1 public liability insurance including passenger legal liability, personal injury liability, contractual liability and property damage coverage. Such insurance shall be in such amounts and with such insurance companies as is consistent with prudent industry practice and, in any event, subject to commercial availability; provided that such insurance companies must have a Best rating of at least "B+" or, if not subject to Best rating, must be of financial strength comparable to that required for a Best "B+" rating. Such amounts of insurance shall not be less than such insurance coverage carried by, and the related deductibles or retentions shall not be greater than deductibles or retentions of, commuter rail systems located in the United States of America of comparable size to that of Sublessee. All such policies of insurance and all policies taken out in substitution or replacement of such policies shall (i) name Sublessor (in its individual and trust capacities) as an additional insured, as its interest may appear, (ii) provide that no cancellation (including for nonpayment of premium) or material change of coverage be effective until at least thirty (30) days after notice thereof has been mailed to Sublessor and any other named insureds (with a copy to the Certificate Insurer) and (iii) provide that no breach of warranty on the part of Sublessee or other action of Sublessee shall impair the rights of Sublessor and any other named insureds under such policies. If during the last five (5) years of the Municipal Sublease Term, insurance is obtained on a claims-made basis, Sublessee shall continue such coverage in force for three (3)

years following the expiration of the Municipal Sublease Term, with the Sublessor remaining as an additional insured.

(b) Sublessee, without expense to Sublessor, will maintain or cause to be maintained at all times during the Municipal Sublease Term and the storage period referred to in Section 14.1 all-risk insurance covering loss or damage to the Equipment and Parts which is of such type, and in such amounts (but in any event not less than the Municipal Sublease Stipulated Loss Value of the Equipment), with such deductibles or retentions, as insurance coverage carried by commuter rail systems located in the United States of America of comparable size to that of Sublessee, and with such insurance companies, as is usually carried by commuter rail systems located in the United States of America of comparable size to that of Sublessee and, in any event, subject to commercial availability; provided that such insurance companies must have a Best rating of at least "B+" or, if not subject to Best rating, must be of financial strength comparable to that required for a Best "B+" rating. All policies carried in accordance with this paragraph during the term of this Sublease Agreement shall (i) name Sublessor as loss payee, as its interest may appear, (ii) provide that no cancellation (including for nonpayment of premium) or material change of coverage be effective until at least thirty (30) days after notice thereof has been mailed to Sublessor and any other loss payees (with a copy to the Certificate Insurer) and (iii) provide that no breach of warranty by Sublessee or other action by Sublessee shall impair the rights of Sublessor.

Section 6.7. Advances. In the event Sublessee shall fail to maintain the full insurance coverage required by this Sublease Agreement or shall fail to keep the Equipment in good repair and operating condition, Sublessor or its nominee may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by Sublessor or its nominee shall become Additional Rent for the Municipal Sublease Term.

Section 6.8. Certification, Etc. Sublessee will during the Municipal Sublease Term and the storage period referred to in Section 14.1 furnish to Sublessor (with a copy to the Certificate Insurer) evidence satisfactory to Sublessor of renewal or replacement of the insurance policies required to be maintained pursuant to this Article VI prior to the cancellation, lapse or expiration of such insurance policies and, on the renewal dates of the insurance policies carried by Sublessee pursuant to this Article VI, a certificate of Sublessee's insurance broker describing in reasonable detail the insurance carried by Sublessee, and certifying the

compliance with this Article VI of such insurance, the primary and excess insurance carriers and their respective percentage interests.

Section 6.9. Additional Insurance. Nothing contained herein shall prevent Sublessee or Sublessor from carrying at its own expense additional insurance in excess of or in addition to that required hereunder; provided that no such insurance may be obtained which would limit or otherwise adversely affect the coverage or payment of any insurance required to be maintained pursuant to this Article VI or prevent the payment of a policy premium which, if not paid by Sublessee, would invalidate such required coverage.

ARTICLE VII

EVENT OF LOSS

Section 7.1. Notice of Damage or Loss; Election. If an Event of Loss occurs with respect to an Item of Equipment, Sublessee shall give Sublessor and the Certificate Insurer prompt written notice thereof and shall, within thirty (30) days after the occurrence of such Event of Loss, elect by written notice to Sublessor and to the Certificate Insurer to proceed in accordance with either Section 7.2 or 7.3 (it being understood that if Sublessee fails to give or cause to be given such notice of election within thirty (30) days after the occurrence of such Event of Loss, Sublessee shall be deemed to have elected to proceed in accordance with Section 7.2).

Section 7.2. Payment of Municipal Sublease Stipulated Loss Value. If an Event of Loss with respect to an Item of Equipment shall have occurred and Sublessee shall have elected or been deemed to have elected to proceed in accordance with this Section 7.2, Sublessee shall, at least thirty (30) days prior to the first Rental Payment Due Date occurring at least sixty (60) days after the occurrence of such Event of Loss, pay to Sublessor for deposit into the Principal Account of the Certificate Fund established under the Equipment Trust Agreement an amount equal to the Municipal Sublease Stipulated Loss Value for such Item of Equipment determined as of such Rental Payment Due Date. Upon the payment of such amount in accordance with the preceding sentence and upon payment by Sublessor on such Rental Payment Due Date of the Municipal Sublease Stipulated Loss Value, including any amount payable under Section 4.6, for such Item of Equipment in respect of such Event of Loss pursuant to Section 6.1(c) of the Equipment Trust Agreement, provided that no Municipal Sublease Default or Municipal Sublease Event of Default shall have occurred and be continuing, this Sublease Agreement and the Municipal Lease shall terminate with respect to such Item of Equipment, and the

obligations of Sublessee hereunder with respect to such Item of Equipment shall cease. Promptly following the two payments described in the immediately preceding sentence following an Event of Loss, Schedule A attached hereto shall be amended in order to give effect to the redemption with respect to such Event of Loss to reflect that the Rental Payments due on each Rental Payment Due Date occurring thereafter shall be in an amount equal to the Principal Component and Interest Component due on all Certificates remaining Outstanding on the Interest Payment Date corresponding to such Rental Payment Due Date and Schedule B attached hereto shall be amended if and to the extent necessary in order to give effect to the redemption with respect to such Event of Loss to provide that the Municipal Sublease Stipulated Loss Value percentages for each Rental Payment Due Date occurring thereafter shall be that percentage of the aggregate Sublessor's Cost of all Items of Equipment then subject to the Municipal Sublease which would pay the unpaid Principal Component of all Outstanding Certificates on such Rental Payment Due Date together with the Interest Component thereof accrued to such Rental Payment Due Date. Such amendments to Schedule A and Schedule B shall be forwarded promptly to the Certificate Insurer.

Section 7.3. Substitution. (a) If an Event of Loss with respect to an Item of Equipment shall have occurred and Sublessee shall have elected to proceed in accordance with this Section 7.3, Sublessee shall, within sixty (60) days after the date of such Event of Loss, convey to Sublessor a leasehold interest in substitute mass transit commuting vehicular equipment substantially similar to the Item of Equipment which suffered the Event of Loss, and having a Fair Market Sales Value, residual value and estimated useful life at least equal to the Fair Market Sales Value, residual value and estimated useful life of, and being in as good operating condition as, such Item of Equipment immediately prior to the occurrence of such Event of Loss, assuming that such Item of Equipment was at that time in the condition and repair required to be maintained hereunder. The "Fair Market Sales Value" of any Item of Equipment as of any date shall be the cash price that would be obtained in an arm's-length transaction between an informed and willing buyer (including without limitation a lessee currently in possession but not including a used equipment dealer or buyer of scrap) under no compulsion to buy, and an informed and willing seller under no compulsion to sell, but shall not include the cost of removal or delivery of the Equipment. In determining Fair Market Sales Value as provided herein, it shall be assumed that Sublessee has complied with all of the terms, provisions and conditions of this Sublease Agreement, and that the applicable Item of Equipment is in the condition and configuration required upon its return to Sublessor as provided herein. Upon full compliance by Sublessee with the terms of this Section 7.3, the Item of Equipment replaced shall

cease to be "Equipment" hereunder and under the Municipal Lease, and any equipment substituted for such Item of Equipment pursuant to this Section 7.3 shall be an "Item of Equipment" for all purposes of the Municipal Lease, this Sublease Agreement and the Equipment Trust Agreement and shall be subject to the terms and provisions hereof and thereof.

(b) The right of Sublessee to substitute Equipment pursuant to this Section 7.3 shall be subject to the fulfillment of each of the following conditions at or before the time of any such substitution;

(i) Sublessee shall have delivered to Sublessor an Officer's Certificate (with a copy to the Certificate Insurer) stating (A) the model numbers of the item or items, as the case may be, of such substitute equipment (the "Substitute Equipment") and the name of the manufacturer thereof; (B) that the Substitute Equipment is in good operating condition and repair, is of a type substantially similar to the Item of Equipment replaced and meets the applicable Fair Market Sales Value, residual value, estimated useful life and other requirements therefor of Section 7.3(a); (C) that there exists no Municipal Sublease Default or Municipal Sublease Event of Default; (D) that upon substitution pursuant to the terms of this Sublease Agreement MBTA will have valid and legal title to such Substitute Equipment, free and clear of all Liens other than Permitted Liens (but not Lessor Liens) and Sublessor will have a valid and legal leasehold interest therein under the Municipal Lease; and (E) that all necessary Governmental Approvals are in full force and effect and constitute sufficient authorization for the contemplated substitution;

(ii) A full warranty bill of sale with respect to the Substitute Equipment naming MBTA as owner of the Substitute Equipment and otherwise satisfactory to Sublessor shall have been delivered to Sublessor (with a copy to the Certificate Insurer);

(iii) A supplement to the Municipal Lease and this Sublease Agreement shall have been executed and delivered (with a copy to the Certificate Insurer);

(iv) A certificate of an independent appraiser satisfactory to Sublessor shall have been delivered to Sublessor (with a copy to the Certificate Insurer), which certificate shall state (A) the Fair Market Sales Value, residual value and estimated useful life of the Item of Equipment replaced immediately preceding the occurrence of the Event of Loss, assuming that such Item of Equipment at such time had been maintained in the condition and repair

required by this Sublease Agreement and (B) the Fair Market Sales Value, residual value and estimated useful life of the Substitute Equipment;

(v) A written report of a recognized insurance broker confirming the maintenance of insurance with respect to the Substitute Equipment complying with Section 6.6 shall have been delivered to Sublessor (with a copy to the Certificate Insurer); and

(vi) An assignment to Sublessor for the duration of the Municipal Sublease Term of all assignable rights, warranties and representations of the Manufacturer with respect to the Substitute Equipment, which assignment shall be acceptable to Sublessor, shall have been delivered to Sublessor (with a copy to the Certificate Insurer).

ARTICLE VIII

APPLICATION OF PROCEEDS

Section 8.1. Application of Insurance Proceeds in an Event of Loss. Subject to the provisions of Section 8.4, it is agreed that all insurance payments received as the result of the occurrence of an Event of Loss with respect to an Item of Equipment will be applied as follows:

(a) Unless such Items of Equipment are replaced pursuant to Section 7.3, so much of such payments as shall not exceed the amounts due under Section 7.2 shall be applied in reduction of Sublessee's obligation to pay such amounts, if not already paid by Sublessee, or, if already paid by Sublessee, shall be applied to reimburse Sublessee for its payments of such amounts, and the balance, if any, of such payments remaining thereafter shall be paid over to or retained by Sublessee or applied as Sublessee may direct.

(b) If such Items of Equipment are replaced pursuant to Section 7.3, such payments shall be paid over to or retained by Sublessee or applied as Sublessee may direct, provided that Sublessee shall have fully performed or will fully perform the terms of Section 7.3.

Section 8.2. Application of Insurance Proceeds in a Casualty not Constituting an Event of Loss. The insurance proceeds attributable to any property damage to any Item of Equipment not constituting an Event of Loss will be applied in payment of, or to reimburse Sublessee for, repairs or the cost of replacement property in accordance with the terms of Article VI, and, subject to Section 8.4, any balance remaining after compliance with Article VI with respect to such loss shall be paid over to or retained by Sublessee or applied as Sublessee may direct.

Section 8.3. Application of Payments from Governmental Authorities. Any payments other than insurance proceeds received at any time by Sublessor or Sublessee from any Governmental Authority or other Person with respect to an Event of Loss resulting from the condemnation, confiscation, theft, disappearance or seizure of, or requisition of title to or use of any Item of Equipment, shall be applied, subject to Section 8.4, as follows:

(a) Unless such Items of Equipment are replaced in accordance with Section 7.3, so much of such payments as shall not exceed the amounts due under Section 7.2 shall be applied in reduction of Sublessee's obligation to pay such amounts, if not already paid by Sublessee, or, if already paid by Sublessee, shall be applied to reimburse Sublessee for its payment of such amounts, and the balance, if any, of such payment remaining thereafter shall be paid over to or retained by Sublessee or applied as Sublessee may direct.

(b) If such Items of Equipment have been replaced in accordance with Section 7.3, such payments shall be paid over to or retained by Sublessee or applied as Sublessee may direct.

Section 8.4. Application During Existence of Municipal Sublease Default or Municipal Sublease Event of Default. Notwithstanding any provision contained herein to the contrary, any amount referred to in Sections 8.1, 8.2 or 8.3 as payable to Sublessee shall not be paid to Sublessee or, if it has been previously paid to Sublessee, shall be paid promptly by Sublessee to Sublessor, if at the time that such payment was made or was to have been made a Municipal Sublease Default or Municipal Sublease Event of Default shall have occurred and be continuing. In such event, all such amounts shall be paid to Sublessor hereunder or, at Sublessor's option, applied by Sublessor toward payment of any of such obligations of Sublessee at the time due. At such time as there shall not be continuing any Municipal Sublease Default or Municipal Sublease Event of Default, all such amounts held by Sublessor in excess of the amount, if any, which Sublessor shall have elected to apply as above provided shall be paid to Sublessee or as Sublessee may direct. Notwithstanding any provision contained herein, any action to be taken pursuant to this Section shall be subject to the direction of the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy).

ARTICLE IX

LIENS

Sublessee will not directly or indirectly create, incur, assume or suffer to exist any Lien other than Permitted Liens on or with respect to any Item of Equipment or any Part, title

thereto or any interest therein or in this Sublease Agreement or the Rental Payments or Additional Rent or any other payments provided for hereunder. Sublessee at no expense to Sublessor will promptly take such action as may be necessary duly to discharge any Lien not excepted above if the same shall arise at any time.

ARTICLE X

ASSIGNMENT, RESUBLEASING, INDEMNIFICATION
AND SELLING

Section 10.1. Assignment and Resubleasing. This Sublease Agreement may be assigned and any Item of Equipment may be resubleased, as a whole or in part, by Sublessee without the necessity of obtaining the consent of Sublessor, subject, however, to each of the following conditions:

(a) Sublessee shall continue to be primarily liable for payment of the Rental Payments and any Additional Rent and for performance and observance of the other agreements on its part herein provided to be performed and observed by it to the same extent as though no assignment had been made.

(b) The assignee or resublessee shall assume the obligations of Sublessee hereunder to the extent of the interest assigned or resubleased.

(c) Sublessee shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to Sublessor and to the Certificate Insurer a true and complete copy of each assignment, assumption of obligation or resublease, as the case may be.

(d) Such assignment, assumption of obligation or resublease, as the case may be, shall not adversely affect the exclusion from gross income for federal income tax purpose of the Interest and Sublessee shall furnish or cause to be furnished to Sublessor an opinion of Special Counsel to that effect.

(e) Sublessee shall have certified to the ETA Trustee that all of the preceding conditions contained in this Section 10.1 have or will be satisfied as set forth herein.

Section 10.2. Release and Indemnification Covenants. To the extent permitted by law, Sublessee shall indemnify, protect, hold harmless, save and keep harmless Sublessor and each Owner and their respective successors and assigns, from and against any and all Taxes (except for Taxes owed by Sublessor as a result of compensation earned by Sublessor for

its services in connection with this Sublease Agreement and the Municipal Transaction), liabilities, obligations, losses, claims and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, reasonable attorneys' fees and expenses, penalties and interest arising out of or as the result of: the entering into of this Sublease Agreement, the Municipal Lease and the Equipment Trust Agreement; the ownership of any Item of Equipment; the ordering, acquisition, use, operation, condition, purchase, delivery, acceptance, rejection, storage, sale, disposition or return of any Item of Equipment; claims based on breach of any purchase agreement for the Equipment; claims based upon strict liability in tort relating to the Equipment; and any claims based upon patent, trademark or copyright infringement. The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations under this Sublease Agreement or other termination or expiration of the Municipal Sublease Term.

Section 10.3. Indemnification of Certificate Insurer. Sublessee hereby agrees to protect, indemnify, pay and save the Certificate Insurer harmless (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy) from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees) which it may, other than as a result of its gross negligence or willful misconduct, incur or be subject to as a consequence, direct or indirect, of (i) the issuance of the Certificate Insurance Policy, (ii) any breach by any party to the Municipal Transaction of any representation or warranty, covenant, term or condition in, or the occurrence of any default under, the Municipal Documents, including all reasonable fees or expenses resulting from the settlement or defense of any claims or liabilities arising as a result of any such breach or default, (iii) the holding or owning by the Certificate Insurer or its nominee of any Certificate, (iv) involvement in any legal suit, investigation, proceeding, inquiry or action as to which the Certificate Insurer is involved as a consequence, direct or indirect, of its issuance of the Certificate Insurance Policy, its holding or owning of any Certificate, the holding or owning of any Certificate by its nominee, or any other event or transaction contemplated by any of the foregoing. The provisions of this Section shall survive termination of this Sublease Agreement.

Section 10.4. Assignment by Sublessor. Sublessor will not assign this Sublease Agreement nor sublease, sell, assign, transfer or convey the Equipment or its interest therein, as a whole or in part other than in connection with the issuance of the Certificates.

ARTICLE XI

EVENTS OF DEFAULT AND REMEDIES

Section 11.1. Events of Default and Default Defined. A "Default" hereunder is any event which, with notice or the passage of time or both, would become an "Event of Default." The following shall be "Events of Default" under this Sublease Agreement and the term "Event of Default" shall mean, whenever used in this Sublease Agreement, any one or more of the following events:

(a) Failure by Sublessee to pay, for a reason other than an Event of Nonappropriation, the Rental Payments and any Additional Rent required to be paid pursuant to Sections 4.2 and 4.5 at the time specified therein; or

(b) Failure by Sublessee to observe or perform any material covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 11.1(a), for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to Sublessee by Sublessor or by the Certificate Insurer, unless Sublessor and the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy) shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, Sublessor and the Certificate Insurer shall be deemed to have agreed to an extension of such time if corrective action is instituted by Sublessee within the applicable period and is being diligently pursued; or

(c) Proceedings under any bankruptcy, insolvency, reorganization or similar law shall be instituted by or against Sublessee, or a receiver, custodian or similar officer shall be appointed for Sublessee or any of its property, and such proceedings or appointments shall be consented to by Sublessee or shall not be vacated or fully stayed within sixty (60) days after the institution or occurrence thereof; or

(d) Any warranty, representation or statement made by Sublessee in any of the Municipal Documents is incorrect or misleading in any material respect on the date made; or

(e) Insurance on the Equipment shall not be carried or maintained in compliance with Section 6.6 or such insurance is cancelled (and not previously or contemporaneously replaced) for any reason whatsoever, or any Item of Equipment shall be operated or located in any area or on any route or in any

manner excluded from coverage by any insurance required by Section 6.6.

The foregoing provisions of this Section are subject to the following limitation: If by reason of force majeure, Sublessee is unable in whole or in part to carry out its agreements herein contained, other than the obligations on the part of Sublessee contained in Section 4.2, Sublessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the Commonwealth or any of their departments, agencies or officials (other than orders and restraints of MBTA, or of the Commonwealth related to its obligations under the Contract for Financial Assistance or the Contract Assistance Provisions), or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of Sublessee. Sublessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of Sublessee, and Sublessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of Sublessee unfavorable to it.

Section 11.2. Remedies on Municipal Sublease Event of Default or Event of Nonappropriation. (a) Whenever any Municipal Sublease Event of Default shall have occurred and be subsisting, Sublessor, with the consent of the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy), may or, at the direction of the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy), must take action at law or in equity to collect any payments then due or thereafter to become due under this Sublease Agreement, or to enforce performance and observance of any obligation, agreement or covenant of Sublessee under this Sublease Agreement, including, but not limited to, the following: (i) by written notice to Sublessee, declare an amount equal to all amounts then due under the Sublease Agreement and all remaining Rental Payments to be immediately due and payable and such amounts shall become due and payable, provided, however, that the fulfillment of such obligation imposed on Sublessee shall be subject to the

condition that an Appropriation shall have occurred with respect thereto and shall be limited to the amount of such Appropriation; and (ii) by written notice to Sublessee, terminate this Sublease Agreement and require Sublessee to return promptly the Equipment to Sublessor in accordance with Article XIV hereof or the Sublessor, at its option, may take possession of and remove the Equipment. In addition, pursuant to the security interest granted in Article XII of the Equipment Trust Agreement, Sublessor, with the consent of the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy), may or, at the direction of the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy), must exercise powers and remedies available to it as a secured party with respect to the Equipment, including rights under the Uniform Commercial Code. Sublessor may take possession of and sell, lease or otherwise dispose of and deliver the Equipment, for cash, upon credit or otherwise, at such prices and upon such terms as Sublessor deems advisable in its sole and absolute discretion. Sublessor may, if it so desires, hire a Person or Persons to assist it in connection with the disposition of the Equipment. Any amounts collected by Sublessor as a result of action taken pursuant to this Section 11.2(a) shall be deposited into the appropriate Account of the Certificate Fund and shall be applied in accordance with Section 7.1(b) of the Equipment Trust Agreement.

(b) Upon the occurrence of an Event of Nonappropriation, Sublessor, with the consent of the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy), may or, at the direction of the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy), must declare the Principal Components of the Certificates to be immediately due and payable in accordance with the terms contained herein and in the Equipment Trust Agreement. In addition, Sublessor, with the consent of the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy), may or, at the direction of the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy), must exercise its power of sale granted in the Equipment Trust Agreement and sell, lease or otherwise dispose of the Equipment (with the assistance, if Sublessor so desires, of a Person or Persons hired by Sublessor) and, in the event of such sale, lease or other disposition, Sublessor shall deposit the proceeds of such sale, lease or other disposition into the

appropriate Account of the Certificate Fund and shall apply the proceeds of such sale, lease or other disposition in accordance with Section 7.1(b) of the Equipment Trust Agreement. In connection with any such sale, lease or other disposition permitted by this Subsection, Sublessor shall have the rights, and Sublessee shall be subject to the provisions, set forth in Article XI of the Equipment Trust Agreement.

(c) Notwithstanding any provision to the contrary contained in this Section 11.2, the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy) shall have the power, upon furnishing indemnification satisfactory to the ETA Trustee, to direct Sublessor to take any action permitted under this Section 11.2. In addition, Sublessor shall be required to obtain the consent of the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy) prior to Sublessor taking any action under this Section 11.2.

Section 11.3. No Remedy Exclusive. The remedies herein conferred upon and reserved to Sublessor are not intended to be exclusive of any other available remedy or remedies which Sublessor may have at law or in equity, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Sublease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Municipal Sublease Default or Municipal Sublease Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Sublessor to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article. The Owners and the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy), subject to the provisions of the Equipment Trust Agreement, shall be entitled to the benefit of all covenants and agreements herein contained.

Section 11.4. Agreement to Pay Attorneys' Fees and Expenses. In the event Sublessee should default under any of the provisions of this Sublease Agreement and Sublessor should employ attorneys or incur other reasonable expenses for the collection of Rental Payments or the payment of any amounts to be paid as Additional Rent or the enforcement of performance or observance of any obligation or agreement on the part of Sublessee herein contained, Sublessee, on demand therefor, shall pay to Sublessor, as further Additional Rent, the

reasonable fees of such attorneys and such other expenses so incurred by Sublessor.

Section 11.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Sublease Agreement should be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 11.6. Termination of Sublease Agreement. Unless earlier terminated in accordance with Section 11.2, upon payment in full of the Certificates (or provision for payment thereof having been made in accordance with Section 13.9 of the Equipment Trust Agreement) and the satisfaction of all other obligations of Sublessee hereunder, this Sublease Agreement shall terminate, except for those certain provisions contained herein which specifically state that they shall survive the termination of this Sublease Agreement, and Sublessee shall be relieved of any further liabilities hereunder, except for the liabilities, if any, of Sublessee under such surviving provisions. Notwithstanding anything to the contrary contained herein, in the Municipal Lease or in the Equipment Trust Agreement, any and all remedies available to Sublessor, Sublessee or the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy) upon the occurrence of a Municipal Sublease Event of Default or Event of Nonappropriation shall survive the termination of this Sublease Agreement.

Section 11.7. Limitation on Obligations. THE OBLIGATION OF SUBLESSEE UNDER THIS SUBLEASE AGREEMENT TO MAKE ANY RENTAL PAYMENTS OR ANY OTHER PAYMENTS TO OR FOR THE BENEFIT OF THE OWNERS OR BENEFICIAL OWNERS OF THE CERTIFICATES UPON THE OCCURRENCE OF ANY MUNICIPAL SUBLEASE EVENT OF DEFAULT IS SUBJECT TO AND LIMITED BY THE AMOUNT OF ANNUAL APPROPRIATIONS AND DOES NOT CONSTITUTE A GENERAL OBLIGATION OF SUBLESSEE.

ARTICLE XII

PREPAYMENT OF RENTAL PAYMENTS

Section 12.1. Prepayment of Rental Payments. Sublessee shall have and is hereby granted the option to prepay all or any portion of Rental Payments on August 1, 2000, and thereafter all of the Rental Payments on any date and a portion of the Rental Payments on any Rental Payment Due Date, together with any applicable prepayment premium and accrued Interest Component, if any, as set forth in Section 6.1(b) of the Equipment Trust Agreement.

Section 12.2. Amount and Notice of Prepayment. In order to make a prepayment of Rental Payments as permitted by Section 12.1, Sublessee shall give Sublessor written notice (a) by June 2, 2000 of its intention to exercise its option to prepay on August 1, 2000 or (b) not less than thirty-five (35) nor more than sixty (60) days prior to any Rental Payment Due Date thereafter on which Sublessee intends to exercise its option to prepay. Such notice shall set forth the amount of Rental Payments Sublessee intends to prepay (the "Prepayment Amount") and shall direct Sublessor to call for redemption Certificates in authorized denominations in the greatest aggregate principal amount for which the Prepayment Amount will be sufficient to redeem in accordance with the terms of the Equipment Trust Agreement. On the date of giving any such notice of prepayment, Sublessee shall pay to Sublessor for deposit into the Certificate Fund the Prepayment Amount, together with any applicable prepayment premium as set forth in Section 6.1(b) of the Equipment Trust Agreement, plus any accrued Interest Component and all other accrued and unpaid amounts due and owing by Sublessee to Sublessor hereunder and under the Equipment Trust Agreement as of the date of such prepayment. Promptly following any prepayment of Rental Payments (and not merely the giving of notice and the deposit of moneys into the Certificate Fund), Schedule A attached hereto shall be amended to reflect that the Rental Payments due on each Rental Payment Due Date occurring thereafter shall be in an amount equal to the Principal Components (including scheduled mandatory redemptions) and Interest Components due on all Certificates remaining Outstanding on the Interest Payment Date corresponding to such Rental Payment Due Date and Schedule B attached hereto shall be amended to provide that the Municipal Sublease Stipulated Loss Value percentages for each Rental Payment Due Date occurring thereafter shall be that percentage of the aggregate Sublessor's Cost of all Items of Equipment then subject to the Municipal Sublease, after any release of Equipment pursuant to Section 12.3, which would pay the unpaid Principal Component (including scheduled mandatory redemptions) of all Outstanding Certificates on such Rental Payment Due Date together with the Interest Component of all Outstanding Certificates accrued to such Rental Payment Due Date. Such amendments to Schedule A and Schedule B shall be forwarded promptly to the Certificate Insurer.

Section 12.3 Release of Equipment. Upon prepayment of Rental Payments pursuant to Section 12.1, and written notice by Sublessee to Sublessor of its intention to exercise its rights granted by this Section 12.3, Sublessee will calculate the appropriate number of Items of Equipment to be released from any claim by Sublessor under the remedies granted by Section 11.2 and such calculation will be verified by Sublessor. In order to determine the appropriate number of Items of Equipment eligible for release upon prepayment, Sublessor will rely on

the Amortized Value Schedules attached hereto as Schedule D. The Items of Equipment released from any Sublessor claims will be determined by reducing the prepayment made by Sublessee by any amounts then due to Sublessor, including any applicable prepayment premium and any amounts to be paid as Additional Rent, and dividing by the applicable amortized value appearing on the appropriate Amortized Value Schedule for the particular model of rail coach as of the date of prepayment. The number of Items of Equipment released will be that number derived from this calculation ignoring any amount which represents less than the full amortized value appearing on the appropriate Amortized Value Schedule for the particular model of rail coach as of the prepayment date. If Sublessee desires to release Items of Equipment of both models of rail coach following a prepayment, Sublessee may designate any combination of the two models of rail coaches listed in Schedule D that meet the calculation described above. Once the number and model of rail coaches have been determined, the Items of Equipment released from any claims of Sublessor will be chosen at random by Sublessor from the serial numbers of all like rail coaches leased under this Sublease Agreement.

ARTICLE XIII

[Intentionally Omitted]

ARTICLE XIV

RETURN

Section 14.1. Obligation to Return. Upon receipt of notice from Sublessor or the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy) in accordance with clause (ii) of Section 11.2(a), Sublessee shall, at its own risk and expense, return the Equipment to Sublessor at storage facilities of Sublessee, which storage facilities shall be designated by Sublessee and reasonably satisfactory to Sublessor. The risk and expense of the storage of the Equipment at such storage facilities shall, for a period of ninety (90) days following receipt by Sublessee of the notice described above, be borne by Sublessee.

Section 14.2. Logs and Other Records. Upon return of the Equipment as provided herein, Sublessee shall deliver to Sublessor all logs, manuals, certificates, warranties and other data, and all inspection, modification and overhaul records which have been maintained with respect to such Equipment.

Section 14.3. Condition Upon Return. Upon return pursuant to the terms hereof, the Equipment (i) shall be in good

operating condition and commercially usable by other commuter rail operators, ordinary wear and tear excepted, (ii) shall be in the configuration and condition required by Article VI, (iii) shall meet the applicable standards then in effect under the Interchange Rules of the Association of American Railroads and the applicable rules of any Governmental Authority, and (iv) shall be free and clear of all Liens other than Lessor Liens.

Section 14.4. Repairs. Subject to and without diminution of Sublessee's obligations under Section 14.1 or any other provision of this Sublease Agreement, upon termination or expiration of this Sublease Agreement and prior to the later of the return of such stored Item of Equipment or the expiration pursuant to Section 14.1 of any period during which such Item of Equipment is stored, Sublessee shall, upon Sublessor's or (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy) the Certificate Insurer's written request, perform such maintenance or repairs to the Equipment as Sublessor or the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy) may reasonably request, to the extent reasonably possible without disruption to Sublessee's normal operations; provided, however, that the foregoing shall not be construed to extend Sublessee's storage obligation beyond the period referred to in Section 14.1. Sublessor shall reimburse Sublessee for work performed under this Section 14.4 at reasonable rates.

ARTICLE XV

MISCELLANEOUS

Section 15.1. Performance of Sublessor. Sublessor shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by Sublessee or shall have received the instrument to be executed and at Sublessor's option shall have received from Sublessee assurance satisfactory to Sublessor that Sublessor shall be reimbursed for its reasonable expenses (other than expenses that may be borne by Sublessor under Section 14.1) incurred or to be incurred in connection with taking such action or executing such instrument and, for purposes of this Sublease Agreement, such expenses shall be Additional Rent.

Section 15.2. 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 telegram (with messenger delivery specified) or by telecopier and, in each such case, confirmed by telephone by the sender. 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 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 communication 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 Sublessee:

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

If to Sublessor:

Shawmut Bank, N.A.
One Federal Street
Boston, Massachusetts 02211
Attn: Corporate Trust Administration
Telecopier: (617) 292-4289

If to the Certificate Insurer:

Financial Security Assurance Inc.
350 Park Avenue
New York, New York 10022-6022
Attn: Managing Director-Surveillance
Telecopy: (212) 688-3101

In each case with a copy to:

Goodwin, Procter & Hoar
Exchange Place
Boston, Massachusetts 02109
Attn: F. Beirne Lovely, Jr., Esq.
Telecopier: (617) 523-1231

Section 15.3. Binding Effect. This Sublease Agreement shall inure to the benefit of Sublessor, Sublessee, the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy) and their respective successors and assigns, and shall be binding upon Sublessor, Sublessee and their respective successors and assigns, subject, however, to the limitations contained in Sections 10.1 and 10.4.

Section 15.4. Severability. In the event any provision of this Sublease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 15.5. Amendments, Changes and Modifications. This Sublease Agreement may not be amended, changed, modified, altered or terminated except in accordance with the Equipment Trust Agreement.

Section 15.6. Execution in Counterparts. This Sublease 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 15.7. Applicable Law. This Sublease Agreement shall be deemed to have been executed under seal, and shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts.

Section 15.8. Captions. The captions or headings in this Sublease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Sublease Agreement.

Section 15.9. Continuing Obligation. If Sublessee should fail to make any of the payments required in this Sublease Agreement, the item or installment so in default shall continue as an obligation of Sublessee until the amount in default shall have been fully paid.

Section 15.10 The Certificate Insurer. Whenever the Certificate Insurer is given powers under this Sublease Agreement or under any other Municipal Document, such powers shall be exercisable only so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy.

IN WITNESS WHEREOF, Sublessor and Sublessee have caused this Sublease Agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

SHAWMUT BANK, N.A., not in its individual capacity, but solely as Trustee

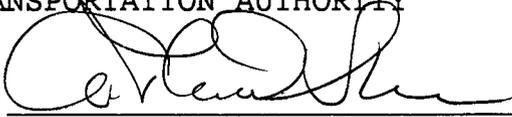
Attest:

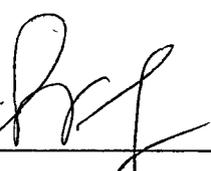
By: 
Name: **PAUL G. GERING**
Title: **ASSISTANT VICE PRESIDENT**

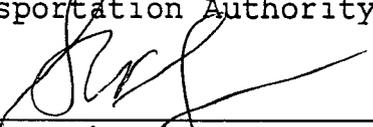

NATALIE S. FORREST
ASSISTANT VICE PRESIDENT

MASSACHUSETTS BAY
TRANSPORTATION AUTHORITY

Attest:

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


Approved as to form
for Massachusetts Bay
Transportation Authority

By: 
Name: *Gregory C Flynn*
Title: *General Counsel*

Commonwealth of Massachusetts)
) ss:
County of Suffolk)

On this 29th day of August, 1990 before me personally appeared PAUL G. GRENIER, to me personally known, who being by me duly sworn, says that he is the ASSISTANT VICE PRESIDENT of Shawmut Bank, N.A., that the seal affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Odette Marie Pothier
My Commission expires 7/11/97

Commonwealth of Massachusetts)
) ss:
County of Suffolk)

On this 29th day of August, 1990, before me personally appeared Arthur D. Shea, to me personally known, who being by me duly sworn, says that he is the Treasurer - Controller of Massachusetts Bay Transportation Authority, that the seal affixed to the foregoing instrument is the corporate seal of said authority, that said instrument was signed and sealed on behalf of said authority by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said authority.

Odette Marie Pothier
My Commission expires 7/11/97

SCHEDULE A
RENTAL PAYMENTS

SCHEDULE A TO SUBLEASE AGREEMENT

RENTAL PAYMENTS

<u>Rental Payment Date</u>	<u>Rental Payment</u>	<u>Principal Component</u>	<u>Interest Component</u>
02/01/91	2,933,765.26		2,933,765.26
08/01/91	4,766,191.25	1,585,000.00	3,181,191.25
02/01/92	3,132,848.75		3,132,848.75
08/01/92	4,567,848.75	1,435,000.00	3,132,848.75
02/01/93	3,088,005.00		3,088,005.00
08/01/93	4,608,005.00	1,520,000.00	3,088,005.00
02/01/94	3,039,365.00		3,039,365.00
08/01/94	4,659,365.00	1,620,000.00	3,039,365.00
02/01/95	2,986,715.00		2,986,715.00
08/01/95	4,711,715.00	1,725,000.00	2,986,715.00
02/01/96	2,929,790.00		2,929,790.00
08/01/96	4,769,790.00	1,840,000.00	2,929,790.00
02/01/97	2,868,150.00		2,868,150.00
08/01/97	4,828,150.00	1,960,000.00	2,868,150.00
02/01/98	2,801,510.00		2,801,510.00
08/01/98	4,896,510.00	2,095,000.00	2,801,510.00
02/01/99	2,729,232.50		2,729,232.50
08/01/99	4,929,232.50	2,240,000.00	2,729,232.50
02/01/00	2,650,832.50		2,650,832.50
08/01/00	5,045,832.50	2,395,000.00	2,650,832.50
02/01/01	2,565,810.00		2,565,810.00
08/01/01	5,130,810.00	2,565,000.00	2,565,810.00
02/01/02	2,470,263.75		2,470,263.75
08/01/02	5,230,263.75	2,760,000.00	2,470,263.75
02/01/03	2,367,453.75		2,367,453.75
08/01/03	5,332,453.75	2,965,000.00	2,367,453.75
02/01/04	2,257,007.50		2,257,007.50
08/01/04	5,442,007.50	3,185,000.00	2,257,007.50
02/01/05	2,138,366.25		2,138,366.25
08/01/05	5,558,366.25	3,420,000.00	2,138,366.25
02/01/06	2,007,551.25		2,007,551.25
08/01/06	5,692,551.25	3,685,000.00	2,007,551.25

RENTAL PAYMENTS
(Continued)

<u>Rental Payment Date</u>	<u>Rental Payment</u>	<u>Principal Component</u>	<u>Interest Component</u>
02/01/07	1,866,600.00		1,866,600.00
08/01/07	5,831,600.00	3,965,000.00	1,866,600.00
02/01/08	1,714,938.75		1,714,938.75
08/01/08	5,984,938.75	4,270,000.00	1,714,938.75
02/01/09	1,551,611.25		1,551,611.25
08/01/09	6,146,611.25	4,595,000.00	1,551,611.25
02/01/10	1,375,852.50		1,375,852.50
08/01/10	6,320,852.50	4,945,000.00	1,375,852.50
02/01/11	1,186,706.25		1,186,706.25
08/01/11	6,511,706.25	5,325,000.00	1,186,706.25
02/01/12	983,025.00		983,025.00
08/01/12	6,718,025.00	5,735,000.00	983,025.00
02/01/13	763,661.25		763,661.25
08/01/13	6,933,661.25	6,170,000.00	763,661.25
02/01/14	527,658.75		527,658.75
08/01/14	7,172,658.75	6,645,000.00	527,658.75
02/01/15	273,487.50		273,487.50
08/01/15	7,423,487.50	7,150,000.00	273,487.50

SCHEDULE B
MUNICIPAL SUBLEASE STIPULATED LOSS VALUES

SCHEDULE B TO SUBLEASE AGREEMENT

MUNICIPAL SUBLEASE STIPULATED LOSS VALUES

Municipal Sublease Stipulated Loss Value Date	Stipulated Loss Value Percentage
02/01/91	100.000000X
08/01/91	98.152573X
02/01/92	98.152573X
08/01/92	96.479981X
02/01/93	96.479981X
08/01/93	94.708316X
02/01/94	94.708316X
08/01/94	92.820094X
02/01/95	92.820094X
08/01/95	90.809488X
02/01/96	90.809488X
08/01/96	88.664841X
02/01/97	88.664841X
08/01/97	86.380325X
02/01/98	86.380325X
08/01/98	83.938458X
02/01/99	83.938458X
08/01/99	81.327583X
02/01/2000	81.327583X
08/01/2000	78.536045X
02/01/2001	78.536045X
08/01/2001	75.546361X
02/01/2002	75.546361X
08/01/2002	72.329390X
02/01/2003	72.329390X
08/01/2003	68.873477X
02/01/2004	68.873477X
08/01/2004	65.161140X
02/01/2005	65.161140X
08/01/2005	61.174894X
02/01/2006	61.174894X
08/01/2006	56.879772X
02/01/2007	56.879772X
08/01/2007	52.258290X
02/01/2008	52.258290X
08/01/2008	47.281310X
02/01/2009	47.281310X
08/01/2009	41.925520X
02/01/2010	41.925520X
08/01/2010	36.161781X
02/01/2011	36.161781X
08/01/2011	29.955126X
02/01/2012	29.955126X
08/01/2012	23.270587X
02/01/2013	23.270587X
08/01/2013	16.079026X
02/01/2014	16.079026X
08/01/2014	8.333819X
02/01/2015	8.333819X
08/01/2015	0.000000X

SCHEDULE C
SUBLESSOR'S COST

SCHEDULE "C" TO SUBLEASE AGREEMENT

SUBLESSOR'S COST

	<u>MANUFACTURER'S IDENTIFICATION NUMBER</u>	<u>SUBLESSOR'S COST</u>
1.	399	\$ 722,679
2.	401	722,679
3.	403	722,679
4.	405	722,679
5.	407	722,679
6.	409	722,679
7.	411	722,679
8.	413	722,679
9.	415	722,679
10.	417	722,679
11.	419	722,679
12.	421	722,679
13.	423	722,679
14.	425	722,679
15.	427	722,679
16.	429	722,679
17.	431	722,679
18.	433	722,679
19.	435	722,679
20.	437	722,679
21.	439	722,679
22.	441	722,679
23.	443	722,679
24.	445	722,679
25.	447	722,679
26.	449	722,679
27.	451	722,679
28.	453	722,679
29.	505	835,865
30.	507	835,865
31.	509	835,865
32.	511	835,865
33.	513	835,865
34.	515	835,865
35.	517	835,865
36.	519	835,865
37.	521	835,865
38.	523	835,865
39.	525	835,865
40.	527	835,865
41.	529	835,865
42.	531	835,865
43.	533	835,865

	<u>MANUFACTURER'S</u> <u>IDENTIFICATION NUMBER</u>	<u>SUBLESSOR'S COST</u>
44.	535	\$ 835,865.
45.	537	835,865.
46.	539	835,865
47.	541	835,865.
48.	543	835.865
49.	398	884,018-
50.	400	884,018
51.	402	884,018
52.	404	884,018
53.	406	884,018.
54.	408	884,018.
55.	410	884,018
56.	412	884,018
57.	414	884,018
58.	416	884,018
59.	418	884,018
60.	420	884,018
61.	422	884,018
62.	424	884,018
63.	426	884,018
64.	428	884,018.
65.	430	884,018
66.	432	884,018
67.	434	884,018
68.	436	884,018
69.	438	884,018
70.	440	884,018
71.	442	884,018
72.	444	884,018.
73.	446	884,018.
74.	448	884,018
75.	450	884,018
76.	452	884,018.
77.	504	987,480
78.	506	987,480.
79.	508	987,480.
80.	510	987,480
81.	512	987,480
82.	514	987,480

[MUNICIPAL SUBLEASE]

	<u>MANUFACTURER'S IDENTIFICATION NUMBER</u>	<u>SUBLESSOR'S COST</u>
83.	516	\$ 987,480
84.	518	987,480.
85.	520	987,480
86.	522	987,480
87.	524	987,480
88.	526	987,480.
89.	528	987,480.
90.	530	987,480.
91.	532	987,480
92.	534	987,480.
93.	536	987,480.
94.	538	987,480
95.	540	987,480
96.	544	987,480
97.	548	<u>987,480</u>
	<u>T O T A L</u>	<u>\$82,441,896</u>

SCHEDULE D
AMORTIZED VALUE SCHEDULES

SCHEDULE D TO SUBLEASE AGREEMENT

AMORTIZED VALUE SCHEDULE

Municipal Sublease Stipulated Loss Value Date -----	Stipulated Loss Value Percentage -----	CONTROL TRAILER COACHES (CTC)	
		1989	1990
02/01/91	100.000000%	\$884,018.00	\$987,480.00
08/01/91	98.152573%	867,686.41	969,237.03
02/01/92	98.152573%	867,686.41	969,237.03
08/01/92	96.479981%	852,900.40	952,720.52
02/01/93	96.479981%	852,900.40	952,720.52
08/01/93	94.708316%	837,238.56	935,225.68
02/01/94	94.708316%	837,238.56	935,225.68
08/01/94	92.820094%	820,546.34	916,579.87
02/01/95	92.820094%	820,546.34	916,579.87
08/01/95	90.809488%	802,772.22	896,725.53
02/01/96	90.809488%	802,772.22	896,725.53
08/01/96	88.664841%	783,813.15	875,547.57
02/01/97	88.664841%	783,813.15	875,547.57
08/01/97	86.380325%	763,617.62	852,988.44
02/01/98	86.380325%	763,617.62	852,988.44
08/01/98	83.938458%	742,031.08	828,875.48
02/01/99	83.938458%	742,031.08	828,875.48
08/01/99	81.327583%	718,950.47	803,093.62
02/01/2000	81.327583%	718,950.47	803,093.62
08/01/2000	78.536045%	694,272.78	775,527.74
02/01/2001	78.536045%	694,272.78	775,527.74
08/01/2001	75.546361%	667,843.43	746,005.20
02/01/2002	75.546361%	667,843.43	746,005.20
08/01/2002	72.329390%	639,404.83	714,238.26
02/01/2003	72.329390%	639,404.83	714,238.26
08/01/2003	68.873477%	608,853.94	680,111.82
02/01/2004	68.873477%	608,853.94	680,111.82
08/01/2004	65.161140%	576,036.21	643,453.22
02/01/2005	65.161140%	576,036.21	643,453.22
08/01/2005	61.174894%	540,797.07	604,089.84
02/01/2006	61.174894%	540,797.07	604,089.84
08/01/2006	56.879772%	502,827.42	561,676.37
02/01/2007	56.879772%	502,827.42	561,676.37
08/01/2007	52.258290%	461,972.69	516,040.16
02/01/2008	52.258290%	461,972.69	516,040.16
08/01/2008	47.281310%	417,975.29	466,893.48
02/01/2009	47.281310%	417,975.29	466,893.48
08/01/2009	41.925520%	370,629.14	414,006.13
02/01/2010	41.925520%	370,629.14	414,006.13
08/01/2010	36.161781%	319,676.65	357,090.35
02/01/2011	36.161781%	319,676.65	357,090.35
08/01/2011	29.955126%	264,808.70	295,800.87
02/01/2012	29.955126%	264,808.70	295,800.87
08/01/2012	23.270587%	205,716.18	229,792.39
02/01/2013	23.270587%	205,716.18	229,792.39
08/01/2013	16.079026%	142,141.48	158,777.16
02/01/2014	16.079026%	142,141.48	158,777.16
08/01/2014	8.333819%	73,672.46	82,294.80
02/01/2015	8.333819%	73,672.46	82,294.80
08/01/2015	0.000000%	0.00	0.00

SCHEDULE D TO SUBLEASE AGREEMENT

AMORTIZED VALUE SCHEDULE

Municipal Sublease Stipulated Loss Value Date	Stipulated Loss Value Percentage	BLIND TRAILER COACHES (BTC)	
		1989	1990
02/01/91	100.000000%	\$722,679.00	\$835,865.00
08/01/91	98.152573%	709,328.03	820,423.00
02/01/92	98.152573%	709,328.03	820,423.00
08/01/92	96.479981%	697,240.56	806,442.40
02/01/93	96.479981%	697,240.56	806,442.40
08/01/93	94.708316%	684,437.11	791,633.67
02/01/94	94.708316%	684,437.11	791,633.67
08/01/94	92.820094%	670,791.33	775,850.68
02/01/95	92.820094%	670,791.33	775,850.68
08/01/95	90.809488%	656,261.10	759,044.72
02/01/96	90.809488%	656,261.10	759,044.72
08/01/96	88.664841%	640,762.18	741,118.37
02/01/97	88.664841%	640,762.18	741,118.37
08/01/97	86.380325%	624,252.47	722,022.91
02/01/98	86.380325%	624,252.47	722,022.91
08/01/98	83.938458%	606,605.61	701,612.19
02/01/99	83.938458%	606,605.61	701,612.19
08/01/99	81.327583%	587,737.36	679,788.80
02/01/2000	81.327583%	587,737.36	679,788.80
08/01/2000	78.536045%	567,563.51	656,455.31
02/01/2001	78.536045%	567,563.51	656,455.31
08/01/2001	75.544361%	545,957.68	631,465.59
02/01/2002	75.544361%	545,957.68	631,465.59
08/01/2002	72.329390%	522,709.31	604,576.05
02/01/2003	72.329390%	522,709.31	604,576.05
08/01/2003	68.873477%	497,734.16	575,689.29
02/01/2004	68.873477%	497,734.16	575,689.29
08/01/2004	65.161140%	470,905.87	544,659.16
02/01/2005	65.161140%	470,905.87	544,659.16
08/01/2005	61.174894%	442,098.11	511,339.52
02/01/2006	61.174894%	442,098.11	511,339.52
08/01/2006	56.879772%	411,058.16	475,438.10
02/01/2007	56.879772%	411,058.16	475,438.10
08/01/2007	52.258290%	377,659.69	436,808.76
02/01/2008	52.258290%	377,659.69	436,808.76
08/01/2008	47.281310%	341,692.10	395,207.92
02/01/2009	47.281310%	341,692.10	395,207.92
08/01/2009	41.925520%	302,986.93	350,440.75
02/01/2010	41.925520%	302,986.93	350,440.75
08/01/2010	36.161781%	261,333.60	302,263.67
02/01/2011	36.161781%	261,333.60	302,263.67
08/01/2011	29.955126%	216,479.40	250,384.41
02/01/2012	29.955126%	216,479.40	250,384.41
08/01/2012	23.270587%	168,171.64	194,510.69
02/01/2013	23.270587%	168,171.64	194,510.69
08/01/2013	16.079026%	116,199.74	134,398.95
02/01/2014	16.079026%	116,199.74	134,398.95
08/01/2014	8.333819%	60,226.76	69,659.48
02/01/2015	8.333819%	60,226.76	69,659.48
08/01/2015	0.000000%	0.00	0.00

SCHEDULE X
DEFINITIONS

SCHEDULE X

Schedule X is an attachment to, and a part of, each of the following documents:

Municipal Lease Agreement
Municipal Sublease Agreement
Equipment Trust Agreement

SCHEDULE X

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

"Accounts" means any accounts or subaccounts of any Fund.

"Act" means Chapter 161A of the General Laws of the Commonwealth, as amended.

"Actual Knowledge" means (a) with respect to MBTA, actual knowledge of its Chairman, General Manager, Treasurer-Controller or Director of Railroad Operations and (b) with respect to the ETA Trustee, actual knowledge of an Authorized Officer of the ETA Trustee. "Actual Knowledge" shall be deemed to exist following receipt of written notice of a fact, event, condition or other circumstance by any such Person.

"Additional Rent" means additional fees, expenses, reimbursements and other charges, including reasonable attorneys' fees, required to be paid by MBTA pursuant to the Equipment Trust Agreement, the Municipal Lease or the Municipal Sublease in connection with certain specified services relating to the Municipal Transaction.

"Additional Rent Account" means the account so designated as part of the Certificate Fund established pursuant to Section 4.1 of the Equipment Trust Agreement.

"Additions" has the meaning, with respect to any Item of Equipment, as specified in Section 6.4 of the Municipal Sublease.

"Advance Rental Cost" means \$82,441,896.

"Advisory Board" means the public body composed of representatives of each of the 78 cities and towns constituting the MBTA district as established by Section 7 of the Act.

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

"Appropriation" means, with respect to any Fiscal Period, (i) the approval by the Advisory Board, in accordance with Section 5(i) of the Act, of an itemized budget of MBTA in which all Rental Payments becoming due in the Fiscal Period are shown as current expense and (ii) failure of the Advisory Board to determine, 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 MBTA's budget for such Fiscal Period.

"Authorized Officer of MBTA" or "Authorized Officer of the Sublessee" means the Treasurer-Controller of MBTA or such other officer or person designated in writing by MBTA to the ETA Trustee.

"Authorized Officer of the Certificate Insurer" means any executive vice president or managing director of the Certificate Insurer or such other officer or person designated in writing by the Certificate Insurer to MBTA.

"Authorized Officer of the ETA Trustee" means any authorized officer of the ETA Trustee in its principal corporate trust office or any other officer or person designated in writing by the ETA Trustee to MBTA.

"Beneficial Owner" means the Person that is considered to be the beneficial owner of any Certificate pursuant to the arrangements for book entry determination of ownership applicable to DTC.

"Board" means the Board of Directors of MBTA.

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

"Business Day" means any day other than a Saturday or a Sunday or a day on which commercial banking institutions in the City of Boston, Massachusetts or the City of New York, New York are authorized by law to be closed. Any reference herein, or in the Municipal Documents to which this Schedule X relates, to "days" (unless Business Days are specified) shall mean calendar days.

"Certificate Fund" means the special trust fund of MBTA, created and established under Section 4.1 of the Equipment Trust Agreement and to be held and administered by the ETA Trustee as provided in Section 4.4 of the Equipment Trust Agreement.

"Certificate Insurance Policy" means the municipal bond insurance policy, as may be amended from time to time, issued by the Certificate Insurer guaranteeing the payment of Principal Components and Interest Components with respect to the Certificates.

"Certificate Insurer" means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto.

"Certificate Register" means the books of the ETA Trustee kept in the principal corporate trust office thereof for the registration, exchange and transfer of Certificates as further described in Section 2.4 of the Equipment Trust Agreement.

"Certificates" or "Certificates of Participation" means the Certificates of Participation prepared and delivered by the ETA Trustee pursuant to the Equipment Trust Agreement.

"Closing Date" means August 30, 1990 or such other date as shall be acceptable to MBTA and the ETA Trustee, which date shall be the date on which the terms of the lease referred to in the Municipal Lease and the Municipal Sublease shall commence.

"Code" means the Internal Revenue Code of 1986, as amended, and with respect to specific sections thereof, such reference shall be deemed to include the proposed (only until the final regulations are published and become effective) and final regulations promulgated under or applicable to such sections and any pronouncement of the Internal Revenue Service applicable to such sections that constitutes an "administrative pronouncement" as that term is described in Treasury Regulations Section 1.6661-3(b)(2).

"Commonwealth" means The Commonwealth of Massachusetts.

"Contract Assistance Provisions" has the meaning specified in Section 5.5 of the Municipal Sublease.

"Contract for Financial Assistance" means the Contract for Financial Assistance, dated as of August 15, 1990, by and between MBTA and the Commonwealth, with respect to the transactions contemplated by the Municipal Documents, as such agreement may from time to time be amended, modified or supplemented in accordance with the applicable provisions thereof.

"Corporate Base Rate" means the rate of interest per annum from time to time specified by SB at its main office as the corporate base rate, it being understood that such rate is a reference rate, and not necessarily the lowest rate, which serves as the basis upon which effective rates of interest are calculated for obligations making reference thereto.

"Cost", in connection with the acquisition by the ETA Trustee of a leasehold interest in the Equipment, means all expenses which are properly chargeable thereto under Generally Accepted Accounting Principles, and which are incidental to any financing under the Equipment Trust Agreement, including, without limiting the generality of the foregoing:

- (a) Advance Rental Cost;
- (b) Legal, accounting and other professional and advisory fees; and
- (c) Printing, engraving and other expenses of financing in connection with the issuance of the Certificates, including fees and expenses of the ETA Trustee but not including underwriters' discounts or placement agents' fees or similar compensation.

Whenever Costs are to be paid under the Equipment Trust Agreement, such payment may be made by way of reimbursement to the ETA Trustee or others who have paid the same.

"Cost of Issuance Account" means the account so designated as part of the Equipment Lease Fund and established pursuant to Section 4.1 of the Equipment Trust Agreement.

"Counsel" means any attorney-at-law or law firm satisfactory to the ETA Trustee; it being agreed that Goodwin, Procter & Hoar is satisfactory to the ETA Trustee.

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

"DTC" means the Depository Trust Company, New York, New York, and its successor or any replacement securities depository appointed under the Equipment Trust Agreement.

"DTC Participant" means securities brokers or dealers, banks, trust companies, clearing corporations and various other entities that operate in conjunction with DTC (or any replacement securities depository) to provide securities depository services to the Beneficial Owners, some of which, or their representatives, own DTC.

"Eligible Investments" means and includes any of the following investments to the extent the same are then (a) Investment Grade and (b) legal investments for moneys held under the Equipment Trust Agreement under Applicable Law:

- (a) Government Securities;
- (b) Time Deposits;

(c) Participation units in Massachusetts Municipal Depository Trust, a combined investment fund created pursuant to Section 38A of Chapter 29 of the General Laws of the Commonwealth; and

(d) Any mutual fund the sole assets of which are Government Securities.

"Equipment" means the 97 commuter rail passenger coaches manufactured by the Manufacturer and sold to MBTA, the Manufacturer's identification numbers of which are specified on Schedule C to the Municipal Sublease, together with Parts and any Substitute Equipment.

"Equipment Account" means the account so designated as part of the Equipment Lease Fund and established pursuant to Section 4.1 of the Equipment Trust Agreement.

"Equipment Lease Fund" means the special trust fund of MBTA created and established under Section 4.1 of the Equipment Trust Agreement and to be held and administered by the ETA Trustee as provided in Section 4.5 of the Equipment Trust Agreement.

"Equipment Trust Agreement" means the Equipment Trust Agreement, dated as of August 15, 1990 by and between MBTA and SB, as such agreement may be amended, modified or supplemented from time to time in accordance with the applicable provisions thereof.

"ETA Trustee" or "Trustee" means SB, in its capacity as trustee pursuant to the Equipment Trust Agreement, or any duly appointed successor trustee.

"Event of Loss" means, with respect to any Item of Equipment, any of the following events with respect to such Item: (a) the loss of such Item or of the use thereof due to the destruction of, or damage beyond repair to, such Item which in the good faith and reasonable opinion of MBTA renders such Item permanently unfit for normal use by MBTA for any reason whatsoever, such determination to be made promptly after the occurrence of such event and to be evidenced by an Officer's Certificate of MBTA delivered to the ETA Trustee with a copy to the Certificate Insurer; (b) the loss of the use for 180 or more consecutive days of such Item due to wear or damage which in the good faith and reasonable opinion of MBTA cannot be repaired within a commercially reasonable period of time, such determination to be made promptly after the occurrence of such event and to be evidenced by an Officer's Certificate of MBTA delivered to the ETA Trustee with a copy to the Certificate Insurer; (c) any damage to such Item which results in an insurance settlement with respect to such Item on the basis of a total loss or a constructive or compromised total loss; (d)

the requisition of title to or the loss of title to such Item; (e) the confiscation, condemnation or seizure of, or the requisition for use of, such Item which shall have resulted in the loss of possession of such Item for 180 or more consecutive days; or (f) the theft or disappearance of such Item which shall have resulted in the loss of possession of such Item by MBTA for sixty (60) or more consecutive days.

"Event of Nonappropriation" means a failure by MBTA to make full payment of a Rental Payment on a Rental Payment Due Date during a Fiscal Period with respect to which an Appropriation has not occurred.

"Excess" means the sum of

(i) the excess of

(A) the aggregate amount earned on all Nonpurpose Investments (other than investments attributable to an excess described in this subparagraph) attributable to the Gross Proceeds of the Certificates, including those in the Certificate Fund and the Equipment Lease Fund, over

(B) the amount which would have been earned if such Nonpurpose Investments were invested at a rate equal to the yield (determined in accordance with the Rebate Provision) on the Certificates to which such Gross Proceeds are attributable, plus

(ii) any income attributable to the Excess described in subparagraph (i) above.

The amount of any calculated Excess shall be reduced by any payments made to the United States pursuant to Section 4.3(c) of the Equipment Trust Agreement. The terms "Nonpurpose Investment" and "Gross Proceeds" shall have the meanings given in the Rebate Provision. Earnings on amounts deposited in the Certificate Fund allocable to Certificates shall be excluded from the calculation of any Excess if the gross earnings on such amounts for the Rebate Year are less than \$100,000 (or a pro rata portion of \$100,000 in the case of a short Rebate Year for the Certificates).

"Fair Market Sales Value" shall have the meaning specified in Section 7.3 of the Municipal Sublease.

"Fiscal Period" means the period of time for which funds are periodically budgeted or appropriated to MBTA and during which MBTA may unconditionally dispose of such funds in accordance with its budget.

"Funds" means the Certificate Fund, the Equipment Lease Fund and the Rebate Fund.

"Generally Accepted Accounting Principles" means those accounting principles applicable in the preparation of financial statements, as promulgated from time to time by the Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certificate Public Accountants.

"Government Approvals" means all authorizations, consents, licenses, approvals, certificates, waivers, exceptions, orders, variances, filings, recordings and declarations of or with any Governmental Authority.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Government Securities" means direct obligations of, or obligations unconditionally guaranteed as to full and timely payment by, the United States of America.

"Independent" or "independent" means, with respect to a certified public accountant or an appraiser, a Person (a) who is not an officer or employee of MBTA and (b) which is not a partnership, corporation or association having a partner, director, officer, member or substantial stockholder who is an officer or employee of MBTA; provided, however, that the fact that such Person is retained regularly by or transacts business with MBTA shall not make such Person an employee within the meaning of this definition.

"Interest Account" means the account so designated as part of the Certificate Fund and established pursuant to Section 4.1 of the Equipment Trust Agreement.

"Interest Component" means that portion of a Rental Payment, or that portion of any payment in respect of a Certificate, designated as interest.

"Item" or "Item of" or "Item thereof" means each commuter rail passenger comprising a part of the Equipment.

"Interest Payment Date" means each February 1 and August 1, commencing on February 1, 1990.

"Investment Grade" means having a rating of A1 or higher by Moody's and AA or higher by S&P. If either Moody's or S&P shall for any reason no longer perform the functions of a securities rating agency, "Moody's" or "S&P", as the case may

be, shall be deemed to refer to any other nationally recognized securities rating agency designated by the ETA Trustee, with the consent of MBTA and the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy), and in such event "Investment Grade" shall mean the securities rating by such agency which is equivalent to A1 or higher by Moody's or AA or higher by S&P.

"Lessee" means, as used in the Municipal Lease, the ETA Trustee.

"Lessor" means, as used in the Municipal Lease, MBTA.

"Lessor Lien" or "Lessor Liens" means any Lien or disposition of title which results from a claim against or act of, or failure to act by, the ETA Trustee that is not a claim against or act of MBTA and either (a) results from claims against the ETA Trustee not related to the Municipal Transaction, (b) results from an affirmative act of the ETA Trustee, which is neither required nor permitted to be taken by the ETA Trustee pursuant to a provision of any Municipal Document nor consented to by MBTA nor taken as a result of the occurrence and continuance of a Municipal Sublease Event of Default as permitted under the Municipal Sublease, or (c) results from nonpayment by the ETA Trustee of any taxes imposed on such Person or the consolidated group of taxpayers of which such Person is a part which MBTA is not required to indemnify against pursuant to any of the Municipal Documents or is so required and has made such indemnification payment.

"Lien" means any mortgage, pledge, lien, charge, encumbrance, security interest or lease in the nature thereof (including any conditional sale agreement, equipment trust agreement or other title retention agreement) or the filing of, or agreement to give, any financing statement under the Applicable Law of any jurisdiction.

"Manufacturer" means Bombardier Inc., Rail Transit Division of Quebec, Canada, a company organized and existing under the laws of the Province of Quebec, Canada, and its successors and assigns.

"MBTA" means Massachusetts Bay Transportation Authority, a body politic and corporate and a political subdivision of the Commonwealth, and its successors.

"MBTA Investment Instructions" means the written investment instructions delivered to MBTA by Special Counsel, as amended or superseded from time to time.

"MBTA Power of Sale" means the power of sale granted to the ETA Trustee by MBTA in, and exercisable by the ETA Trustee or by or at the direction of the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy) in accordance with, Article XI of the Equipment Trust Agreement.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the ETA Trustee, with the consent of MBTA and the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy).

"Municipal Documents" means the Equipment Trust Agreement, the Municipal Lease, the Municipal Sublease, the Contract for Financial Assistance and other related documents in connection with the Municipal Transaction.

"Municipal Lease" means the Lease Agreement, dated as of August 15, 1990, by and between MBTA, as lessor, and the ETA Trustee, as lessee, as such agreement may from time to time be amended, modified or supplemented in accordance with the applicable provisions thereof.

"Municipal Lease Term" means the term of the Municipal Lease, as set forth in Article IV of the Municipal Lease, which term shall begin and end on the same days that the Municipal Sublease Term begins and ends.

"Municipal Sublease" means the Sublease Agreement, dated as of August 15, 1990, by and between the ETA Trustee, as sublessor, and MBTA, as sublessee, as such agreement may from time to time be amended, modified or supplemented in accordance with the applicable provisions thereof.

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

"Municipal Sublease Event of Default" shall have the meaning specified in Section 11.1 of the Municipal Sublease.

"Municipal Sublease Stipulated Loss Value" as of any Municipal Sublease Stipulated Loss Value Date during the Municipal Sublease Term means, with respect to any Item of Equipment, an amount determined by multiplying the Sublessor's Cost thereof by the percentage specified in Schedule B to the

Municipal Sublease opposite the Municipal Sublease Stipulated Loss Value Date with respect to which the amount is determined.

"Municipal Sublease Stipulated Loss Value Date" means each date set forth on Schedule B to the Municipal Sublease.

"Municipal Sublease Term" means the term of the Municipal Sublease, as set forth in Section 3.1 of the Municipal Sublease.

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

"Obsolete Parts" has the meaning specified in Section 6.4 of the Municipal Sublease.

"Officer's Certificate" means (a) with respect to MBTA, a certificate executed on behalf of MBTA by its duly authorized Chairman, General Manager, Treasurer-Controller or General Counsel (or by any duly authorized person holding any such office in an "Acting" capacity), signing alone, and (b) with respect to the ETA Trustee, a certificate executed on behalf of the ETA Trustee by an Authorized Officer of the ETA Trustee.

"Outstanding" in connection with the Certificates means, as of the time in question, all Certificates executed and delivered under the Equipment Trust Agreement, except:

(a) Certificates theretofore cancelled or required to be cancelled thereunder;

(b) Certificates for which the necessary amount for the payment or redemption thereof shall have been or shall concurrently be deposited with the ETA Trustee other than by the Certificate Insurer; provided, that if such Certificates are being redeemed prior to maturity, the required notice of redemption shall have been given or provisions satisfactory to the ETA Trustee shall have been made therefor; and

(c) Certificates in substitution for which other Certificates have been executed and delivered pursuant to Article II of the Equipment Trust Agreement.

In determining whether the Owners of a requisite aggregate principal amount of Certificates Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Equipment Trust Agreement, unless all Certificates Outstanding are so held, Certificates which are owned by or on behalf of MBTA or any Person controlling, controlled by or under common control with

MBTA shall be disregarded for the purpose of any such determination.

"Owner" or "Certificate Owner" means the registered owner of a Certificate.

"Parts" means all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature so long as the same shall be incorporated or installed in or attached to any Item of Equipment or so long as the ETA Trustee retains a leasehold interest therein in accordance with SECTION 6.3 or 6.4 of the Municipal Sublease after removal from such Item prior to the expiration or termination of the Municipal Sublease.

"Permitted Liens" means (a) the rights of the ETA Trustee in and to the Equipment pursuant to the Equipment Trust Agreement, the Municipal Lease and the Municipal Sublease, (b) the subordinate rights of others under agreements or arrangements to the extent expressly permitted by the terms of Section 10.1 of the Municipal Sublease, (c) Lessor Liens, (d) Liens for taxes, assessments, charges or other governmental levies either not yet due or being contested in good faith by appropriate proceedings promptly initiated and diligently prosecuted, but only so long as (i) such proceedings do not involve any material danger of the sale, forfeiture or loss of any Item of Equipment, or any interest therein, and (ii) adequate reserves are maintained in accordance with applicable accounting principles with respect to such Liens, (e) materialmen's, mechanics', carriers', workmen's, repairmen's, employees', or other like Liens arising in the ordinary course of business for amounts the payment of which is not overdue for a period in excess of thirty (30) days or are being contested in good faith by appropriate proceedings promptly initiated and diligently prosecuted but only so long as (i) such proceedings do not involve any danger of the sale, forfeiture or loss of any such Item, or any interest therein and (ii) adequate reserves are maintained in accordance with applicable accounting principles with respect to such Liens, and (f) Liens arising out of judgments or awards against MBTA with respect to which an appeal or proceeding for review is being diligently prosecuted in good faith and with respect to which a stay of execution shall have been secured or an appeal bond shall have been filed pending such appeal or proceeding for review but only so long as (i) such proceedings do not involve any danger of the sale, forfeiture or loss of any such Item, or any interest therein, and (ii) adequate reserves are maintained in accordance with applicable accounting principles with respect to such judgments or awards.

"Person" means an individual, a corporation, a partnership, an unincorporated organization, an association, a joint stock

company, a joint venture, a trust, an estate, a government or any agency or political subdivision thereof or any other entity.

"Principal Account" means the account so designated as part of the Certificate Fund and established pursuant to Section 4.1 of the Equipment Trust Agreement.

"Principal Component" means that portion of a Rental Payment, or that portion of any payment in respect of a Certificate, designated as principal.

"Principal Payment Date" means each August 1, commencing August 1, 1991.

"Rebate Fund" means the special trust fund of MBTA created and established under Section 4.1 of the Equipment Trust Agreement and to be held and administered by the ETA Trustee as provided in Section 4.3 of the Equipment Trust Agreement.

"Rebate Instructions" means written instructions delivered to MBTA by Special Counsel for compliance with the Rebate Provision, compliance with which, in the opinion of Special Counsel, is necessary to and will result in compliance with the Rebate Provision.

"Rebate Provision" means Section 148(f) of the Code and Treasury Regulations effective or proposed thereunder.

"Rebate Year" means each one year period (or shorter period from the date of issuance of the Certificates) ending on July 31.

"Record Date" means with respect to each Interest Payment Date, the fifteenth (15th) day of the calendar month preceding the month during which such Interest Payment Date occurs.

"Redemption Date" means the date specified by the ETA Trustee in a redemption notice to Certificate Owners as the date on which one or more Certificates will be redeemed.

"Rental Payment Due Date" means each February 1 and August 1 during the Municipal Sublease Term, commencing February 1, 1991.

"Rental Payments" means the amounts payable by MBTA as rent for the use of the Equipment pursuant to Section 4.2 of the Municipal Sublease.

"S&P" means Standard & Poor's Corporation, a New York corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P"

shall be deemed to refer to any other nationally recognized securities rating agency designated by the ETA Trustee, with the consent of MBTA and the Certificate Insurer (so long as the Certificate Insurer is not then in default under any of its payment obligations under the Certificate Insurance Policy).

"SB" means Shawmut Bank, N.A., a national banking association, in its individual capacity.

"Securities Act" means the Securities Act of 1933, as may be amended from time to time, and the rules and regulations promulgated thereunder.

"Special Counsel" means Goodwin, Procter & Hoar, or any successor thereto that is a nationally recognized bond counsel and expert on tax matters, or if there be no successor, Counsel.

"Sublessee", as used in the Municipal Sublease, means MBTA.

"Sublessor", as used in the Municipal Sublease, means the ETA Trustee.

"Sublessor's Cost" as of any date means, with respect to any Item of Equipment, the amount listed opposite the Manufacturer's Identification Number therefor in Schedule C to the Municipal Sublease under the heading "Sublessor's Cost."

"Substitute Equipment" has the meaning specified in Section 7.3 of the Municipal Sublease.

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

"Time Deposits" means and includes negotiable or non-negotiable certificates of deposit or time deposits issued by any national bank, savings bank, banking company or trust company (including SB and any banks affiliated with SB), provided such issuing institution has long-term obligations rated at least A3 from Moody's and at least A- from S&P.

"Trustee" or "ETA Trustee" means SB, in its capacity as trustee pursuant to the Equipment Trust Agreement, or any duly appointed successor trustee.

"Trustee Investment Instructions" means the written investment instructions delivered to the ETA Trustee by an Authorized Officer of MBTA on or prior to the Closing Date, as amended or superseded from time to time.

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