

LEASE-PURCHASE AGREEMENT
AGREEMENT NUMBER

This LEASE-PURCHASE AGREEMENT ("**Lease**"), including the attached Term Sheet(s), is entered into between the Lessor named below ("**Lessor**") and the Lessee named below ("**Lessee**").

1. What This Lease Does. Lessee agrees to lease the buses and other equipment (the "Buses") described on the attached Term Sheet(s) (the "Term Sheet"), and Lessor agrees to furnish the Buses to Lessee, as set forth in this Lease. Each Term Sheet describes one or more Buses and contains the rental amounts, balloon payments and payment dates. Each Term Sheet incorporates the terms and conditions of this Lease and constitutes a separate instrument of lease. There are different Term Sheets for different types of Buses and lease terms. If Lessee and Lessor agree, additional Buses may be added to this Lease by executing additional Term Sheet(s). The Buses also include any property acquired as additions to any of the Buses. Lessee agrees to pay rent for the Buses to Lessor at its address (or to such other address as Lessor may direct in writing) in the amounts (the "**Rental Payments**") and on the dates in the Term Sheet. Lessee shall be deemed to have accepted the Buses on the date of its receipt of the Buses. Lessee hereby represents and warrants that (a) it has the power and authority (including without limitation internal authorizations and all applicable laws and regulation) to enter into this Lease, and will remain in compliance with such power and authority throughout the term of this Lease, (b) the execution, delivery and performance of this Lease by Lessee has been authorized by all necessary corporate action, (c) there are no tax or litigation claims pending against Lessee that, if determined adversely to Lessee, would have a material affect on Lessee's ability to pay the Rental Payments when due or timely perform Lessee's other obligations under this Lease, and (d) this Lease has been duly executed by Lessee.

2. Term. The Term of this Lease (including Lessee's obligation to pay Rental Payments) begins on the date Lessee executes this Lease and expires on the date Lessee has paid Lessor in full all amounts required to be paid under this Lease. At the expiration of the Term or earlier termination as provided in Section 9, Lessee shall return the Buses to the approved Blue Bird distributor that originally delivered the Buses to Lessee, or to such other location as instructed by Lessor. Each payment obligation of Lessee hereunder is absolute and unconditional, and shall not be subject to any reduction, setoff, defense, counterclaim or deferment for any reason whatsoever.

3. Lessee Bears the Risk of Loss or Damage. Lessee agrees to bear all risk of damage, loss, theft, or destruction of any Bus. Lessee agrees to maintain insurance as shown on the Term Sheet. Lessee agrees to designate Lessor and the assignees of any of Lessor's interests hereunder as their interests may appear as loss payee or additional insured on such insurance, and to cause delivery of a certificate evidencing such insurance in effect through the Term. If Lessee does not maintain the required insurance, Lessor may obtain it and charge Lessee for it. Any such insurance obtained by Lessor may, but need not, protect Lessee's interests. Lessee will remain liable for its responsibilities hereunder. Lessee agrees to deliver prompt written notice to Lessor of (1) loss, theft, or destruction of any Bus, (2) any damage to any Bus exceeding \$1,000, and (3) any claim arising out of the ownership, maintenance, or use of any Bus. Lessee agrees to make repairs promptly so that the Bus is in as good a condition as when delivered, ordinary wear and tear excepted. Lessee hereby appoints Lessor as its attorney-in-fact to make claim for, receive payment of, and execute and endorse all documents, checks or drafts issues with respect to any event of loss under any insurance policy or claim of loss relating to the Buses. If Lessor receives insurance proceeds exceeding the amount of the remaining required payments under this Lease, then Lessor will pay Lessee any excess.

4. Title; Security Interest. Title to each Bus shall pass to Lessee upon delivery, and shall remain with Lessee unless Lessor terminates this Lease prior to its expiration. In the event of such termination, title shall immediately vest in Lessor. Lessee also agrees to cooperate with Lessor to obtain appropriate documents to be held by Lessor on which Lessee's and Lessor's interests are noted. To secure all of Lessee's

obligations hereunder, Lessee grants to Lessor and its assigns, and Lessor and its assigns shall have and retain, a first priority perfected security interest in the Buses, and in all leases and other contracts and associated payments related to such Buses, and Lessee hereby absolutely assigns the proceeds of any such leases or other contracts to Lessor. So long as no Termination Event as described in Section 8 has occurred, Lessor will not require any assigned payments to be made directly to Lessor. Upon request, Lessee agrees to sign any necessary documents and certificates of title to provide notice of the security interest herein granted. Lessee hereby appoints Lessor as its attorney-in-fact, coupled with an interest and with full power of substitution, to file and, if necessary, sign Lessee's name on, any document (including, but not limited to, UCC financing statements and certificates of title) and further agree to furnish Lessor with any documentation that Lessor may deem necessary or proper to perfect, continue perfection, amend or release Lessor's security or ownership interest in the Buses. Upon Lessee's payment to Lessor in full all of amounts required to be paid under this Lease, Lessor shall execute any documents reasonably requested by Lessee in writing to terminate such security interest or release its lien on title in such Buses.

5. EQUIPMENT WARRANTY. BLUE BIRD BODY COMPANY HAS PROVIDED A WARRANTY ON THE BUSES AS SET FORTH IN THE WARRANTY CERTIFICATE(S) FOR PRODUCTS MANUFACTURED BY BLUE BIRD BODY COMPANY DELIVERED WITH THE BUS(ES). COPIES OF THOSE CERTIFICATES ARE AVAILABLE FOR LESSEE'S INSPECTION ON LESSEE'S REQUEST BEFORE LESSEE EXECUTES THIS LEASE. APART FROM THAT WARRANTY, NEITHER LESSOR NOR BLUE BIRD BODY COMPANY NOR ANY OTHER ENTITY EXPLICITLY OR IMPLICITLY WARRANTS THE MERCHANTABILITY, SUITABILITY, OR FITNESS FOR PURPOSE OF THE BUS(ES) OR ANY OTHER MATTER, AND ALL SUCH WARRANTIES ARE EXPRESSLY DISCLAIMED. LESSEE AGREES THAT ANY WARRANTY CLAIM SHALL BE ASSERTED AND/OR SETTLED DIRECTLY WITH BLUE BIRD BODY COMPANY WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM AGAINST ANY AMOUNTS PAYABLE UNDER THIS LEASE.

6. Lessee's Agreement to Indemnify. Lessee agrees to pay, hold harmless and indemnify Lessor and its affiliates and successors, and the assignees, affiliates and successors of any of the interests of Lessor hereunder, from and against any and all loss, cost, damage, injury, claims, fees, fines, penalties, and expenses (including legal fees) of every kind that relate to the purchase, acceptance, delivery, maintenance, use, operation, ownership, leasing, possession, or condition of the Buses.

7. Lessee's Responsibility to Pay Taxes and Maintain. Lessee agrees to pay, and indemnify Lessor and its affiliates and the assignees of any of the interests of Lessor hereunder against, (1) all sales, use, excise, property, or other taxes (except income taxes), (2) all governmental fees (license or otherwise), and (3) charges payable during the term of this Lease with respect to the Buses or the purchase, delivery, ownership, leasing, possession, return or rental and any associated fines or interest. Lessee agrees to: (a) to use the Buses solely for business purposes, (b) keep and maintain the Buses in good repair and working order, and in all events in compliance with all applicable laws and regulations and, at Lessee's sole cost. Lessee agrees to perform all maintenance and servicing necessary to maintain the value of the Buses, reasonable wear and tear excepted, within intervals that do not exceed by more than 25% those recommended in the manufacturer's/owner's manuals. Lessee agrees to keep maintenance logs for the Buses and permit Lessor to inspect the Buses and logs.

8. Termination Event. Lessor may, with or without terminating this Lease, declare that one or more of the following events (each event described in (1) through (6) below is a "**Termination Event**") exists upon occurrence of any of the following: (1) Lessee fails to pay in full any required amount within 30 days after the date due, (2) Lessee fails to maintain required insurance or comply with any other agreement of Lessee in this Lease, or in any other agreement with the Lessor or any of its affiliates, for a period of 30 days following receipt of written demand that such failure be remedied, (3) Lessee institutes any proceedings under any bankruptcy, insolvency, reorganization, or

similar law or a receiver or similar officer is appointed for Lessee or any of Lessee's property (or any such proceeding is instituted against Lessee and is not dismissed within 120 days), (4) any warranty, representation, or statement that Lessee has made in writing in connection with this Lease is found to be incorrect or misleading in any material respect on the date made, (5) Lessee causes or allows any sale, combination, merger or transfer of any interest which would result in a change in a substantial part of Lessee's assets or a material change in Lessee's current ownership, or (6) any of the above occurs with respect to any guarantor of Lessee's obligations hereunder. Any termination of this Lease at Lessor's option shall take place on the effective date of termination set forth in a written termination notice from Lessor to Lessee, except this Lease will terminate immediately and without notice upon an event described in (3).

9. Lessor Remedies Upon a Termination Event. Immediately upon or at any time following the occurrence of a Termination Event, Lessor may, in its sole discretion, to the extent permitted by and in conformity with applicable law, do one or more of the following: (1) terminate this Lease, (2) declare the total amount or any portion thereof of unpaid Rental Payments and other amounts due and to become due hereunder (including costs and expenses of enforcing this Lease and legal fees) immediately due and payable, (3) demand the return of the Buses, (4) repossess the Buses and sell or re-lease or otherwise dispose of them, (5) demand and enforce specific performance of this Lease, and (6) exercise any or all remedies available to a secured party under the applicable law and any other rights it may have at law or in equity. If Lessor elects to repossess the Buses, Lessee shall permit Lessor or its agents to enter the premises where the Buses are located. In the event of any repossession, Lessee shall execute and deliver such documents as reasonably required to restore title to and possession of the Buses to Lessor, free of all liens and security interests. Following any disposition of the Buses, Lessee shall remain solely liable for any deficiency between any disposition proceeds and all amounts due hereunder, including attorneys' fees and expenses. No remedy referred to in this Lease is intended to be exclusive, but each shall be in addition to any other remedy referred to or otherwise available to Lessor at law or in equity.

Upon the occurrence of a Termination Event, if the Buses are damaged or otherwise made less suitable for the purposes for which they were manufactured than when delivered to Lessee, Lessee agrees, at its option, to (1) repair and restore the Buses to the same condition in which they were received by Lessee (reasonable wear and tear excepted) or (2) pay to Lessor the reasonable costs of such repair and restoration.

10. Limitation on Assignment, Transfer, and Use. Without the prior written consent of Lessor, Lessee will not permit the Buses to be operated by, or used for the benefit of, any person or entity other than Lessee. Lessee has not and agrees not to sell, assign, transfer, sublease, pledge, or otherwise suffer a lien or encumbrance (other than the security interest described in Section 4 hereof) upon any interest in this Lease or any Bus. Lessor shall have the right at any time without notice to Lessee to assign all or any portion of its interests hereunder, and any such assignee shall have the right to further assign such interests without notice to Lessee. Lessee agrees that any such assignment shall not materially change its duties or obligations under this Lease and shall not materially increase Lessee's risks and burdens. Each such assignee shall have all the rights but none of the obligations of Lessor hereunder unless you are otherwise notified by Lessor. Lessee shall recognize such assignments, and agree that, upon notice of such assignment Lessee shall pay directly to assignee (unless otherwise directed by assignee), without abatement, deduction or setoff, all amounts which become due hereunder. Lessee further agrees that it will not assert against assignee any defense, counterclaim or setoff Lessee may have against Lessor or Blue Bird Body Company for any reason whatsoever in any action for rent or possession brought by assignee. Upon such assignment and except as may otherwise be provided therein all references in this Lease to Lessor shall include assignee.

11. Late Charges. To the extent allowed by and in no event exceeding the maximum rate or amount permitted by applicable law, Lessee agrees to pay from Legally Available Funds (a) a late charge of 5% of

each amount that is overdue for more than 10 days and (b) interest on any such overdue amount that remains unpaid for more than 30 days, at a rate of 12% per annum from the date that is 31 days after the due date thereof until paid.

12. Other Terms. This Lease (together with the Term Sheets) constitutes the entire agreement between the parties with respect to the Buses, and may not be changed except by a written agreement signed by Lessor and Lessee. If any part of this Lease is or becomes invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability will not affect the other provisions hereof, which shall be valid and enforceable to the fullest extent permitted by law. This Lease shall be governed by and construed in accordance with the laws of New York. Lessee waives any right to trial by jury in any action to enforce or defend any matter arising from or related to this Lease or any related Term Sheet. Lessee shall promptly furnish Lessor a complete copy of Lessee's most recent audited financial statements and to keep its financial statements in accordance with generally accepted accounting principles. Any failure by Lessor to require strict performance or any waiver by Lessor of any terms in this Lease shall not be construed as a consent or waiver of any other breach of the same or any other term. This Lease and the covenants, conditions, and agreements herein contained shall be binding upon and inure to the benefit of the successors and permitted assigns of Lessor and Lessee. This Lease may be executed in counterparts, but only the original executed copy of each Term Sheet delivered to Lessor and specifically marked "Original" shall be deemed the original agreement for purposes of effecting transfers of the Term Sheet. All notices must be addressed to the parties at their addresses shown on the Term Sheet or at another address specified from time to time by either party in writing to the other.

IN WITNESS WHEREOF, the parties have duly executed this Lease-Purchase as of the date set forth below.

Lessor: BLUE BIRD BODY COMPANY

By: _____
Name:
Title:

Lessee:

By: _____
Name:
Title:

Date: _____