

**GROUND LEASE**

**BETWEEN PENNSYLVANIA ELECTRIC COMPANY,  
LESSOR**

**AND**

**MID-ATLANTIC INTERSTATE TRANSMISSION, LLC,  
LESSEE**

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## GROUND LEASE

This Lease made as of the 31<sup>st</sup> day of January, 2017 by and between PENNSYLVANIA ELECTRIC COMPANY, a Pennsylvania corporation (“Lessor”), and MID-ATLANTIC INTERSTATE TRANSMISSION, LLC, a Delaware limited liability company (hereinafter referred to as “MAIT”).

### RECITALS

On the date of this Lease, Lessor has transferred to MAIT all of the electric energy transmission system of Lessor including, without limitation, all high tension electric transmission lines, towers, poles, posts, cables, conduits, transformers, insulators, meters, electrical connections, fuses, junction boxes and other fixtures and equipment, together with various substations and switching stations, all as more particularly described in the Capital Contribution Agreement executed and delivered by Lessor to MAIT on the date hereof (collectively the “Transmission Facilities”).

Pursuant to this Ground Lease, Lessor leases to MAIT all such lands, easements, franchises and other rights as Lessor has or may have upon, under or over which Transmission Facilities are located on the date hereof, for the purposes and on the terms set forth below.

The Premises are leased to MAIT so as to permit continued use of Transmission Facilities on the portion of the Premises on which the same exist on the date of this Lease for an annual rental representing a reasonable return on Lessor’s net book value thereof. Such terms recognize that Lessor has reserved the right to use, and to permit Authorized Users to use, portions of the Premises for all purposes that do not cause Transmission Facilities to violate the National Electric Safety Code (“NESC”) or Applicable Laws or that do not materially impair MAIT’s ability to satisfy its service obligations under applicable tariffs. Additional, or extensions of, uses of the Premises for MAIT facilities relating to transmission of electricity that additionally burden the Premises are subject to Lessor’s prior written approval, which shall not be withheld except as necessary to preserve Lessor’s Compatible Uses (as hereinafter defined), but will require payment to Lessor of the fair market value for the additional burden or limitation upon other uses resulting therefrom as set forth in this Lease.

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties hereto, Lessor and MAIT have agreed and do hereby agree as follows:

### ARTICLE 1.

#### Demise of Leased Property

Section 1.1. Premises: Leased Property. Lessor hereby leases to MAIT, and MAIT hereby leases from Lessor, the following described property and rights to the extent of Lessor’s rights and interests therein, for the purposes set forth in Article 1 hereof and none other (collectively, the “Premises”):

(a) The tracts or parcels of land described on Exhibit A hereto as fee lands, together with portions of the buildings, structures and fixtures thereon to the extent used for transmission, but not distribution, of electricity on the date of this Lease.

(b) The easements granted to Lessor on, under or over which Transmission Facilities are situated on the date of this Lease, as described on Exhibit A hereto.

(c) The leased lands, servitudes, interests in land, permits, privileges, licenses, consents, franchises and authorizations granted to or held by Lessor on, under or over which Transmission Facilities are situated on the date of this Lease as described on Exhibit A hereto and not identified as being either fee land or an easement.

The portions of the Premises that are required for Transmission Facilities as the same exist and are used for transmission of electricity on the Commencement Date are referred to herein as "Leased Property" and constitute a burden upon the Premises only to the extent necessary for operation of Transmission Facilities thereon in compliance with the NESC and Applicable Laws and MAIT's service obligations under applicable tariffs. MAIT is to have the priority right to use Leased Property for electric transmission and the right to replace and modify Transmission Facilities on Leased Property so long as the same do not increase MAIT's uses of, or the burden upon, the portions of the Premises that are not within Leased Property. Because the Premises are primarily used for Transmission Facilities and the Leased Property is not capable of being separately described, MAIT leases the entire Premises and is to be responsible for the control and maintenance thereof and for payment of the Impositions thereon except to the extent specifically provided otherwise in this Lease.

Section 1.2 No Warranty. MAIT accepts the Premises "AS IS" in the condition existing on the date of this Lease and acknowledges that Lessor has made no representations or warranties with respect thereto including, without limitation, the extent of Lessor's title thereto or rights in the Premises, the location of Transmission Facilities on, under or over the Premises, encroachments of Transmission Facilities on the property of others or encroachments of facilities of third parties on, under or over the Premises,

## ARTICLE 2.

### Term

Section 2.1 Commencement Date: Initial Term. The Initial Term of this Lease shall commence on the date of this Lease (the "Commencement Date") and expire at midnight on the twenty-fifth (25<sup>th</sup>) anniversary of the Lease (hereinafter referred to as the "Initial Term") unless this Lease shall sooner terminate as provided in this Lease. The Initial Term and any period for which the same may be extended by MAIT pursuant to Section 2.2 hereof is hereinafter referred to as the "Term."

Section 2.2 Extension Periods. MAIT shall have three separate options – consecutive terms of twenty-five (25) years and one term of twenty-four (24) years – to extend the Term of this Lease for additional periods such that the total term of the Lease shall not exceed ninety-nine (99) years from the Commencement Date, upon terms and conditions set forth herein, provided MAIT

is not in material default in performing or observing any of its obligations under this Lease at the time of exercise of such option. MAIT shall be deemed to have exercised its option to extend the Term for the Extension Period and the Term shall automatically be so extended unless MAIT shall have given Lessor written notice of MAIT's decision not to extend the Term at least one (1) year prior to the expiration of the then current Term. If MAIT exercises its options for the three renewal periods, the Parties agree to begin negotiations in the 98<sup>th</sup> year of the Lease to extend the Lease for additional periods beyond ninety-nine (99) years.

## ARTICLE 3.

### Rent

Section 3.1 Base Rent during the Term. As provided at Schedule A herein, Lessor shall calculate an annual Base Rent using the following inputs: (i) net book value of the Premises; (ii) MAIT's weighted average cost of capital as reviewed and approved by the Federal Energy Regulatory Commission; (iii) MAIT's statutory tax rate; (iv) property taxes; and (v) all other costs, expenses, liabilities or charges that may be incurred by Lessor pursuant to any lease agreement, license agreement, consent agreement or other similar agreement relating to the Premises. Base rent shall be payable in equal quarterly installments on the first day of each calendar quarter during the Term; except that MAIT shall pay to Lessor within five (5) business days after the Commencement Date prorated rent for the period from the Commencement Date to the end of the calendar quarter in which the Commencement occurs. A projected base rent will be estimated for quarterly installments until actual information becomes available. At that time, a reconciliation adjustment to reflect actual end of year values will be included in the subsequent quarterly installment.

Section 3.2 Payment. MAIT covenants and agrees to pay Base Rent to Lessor as required by this Lease as and when due and payable. All Base Rent payable, as well as all other amounts payable by MAIT to Lessor pursuant to this Lease, shall be payable to Lessor via the FirstEnergy Utility Money Pool, pursuant to the Revised and Restated FirstEnergy Utility Money Pool Agreement as such agreement may be amended from time to time, or in such other manner or at such place as Lessor shall, from time to time, designate by notice to MAIT.

Section 3.3 Net Operating Lease. It is intended that the Base Rent provided for in this Lease shall be absolutely net to Lessor throughout the Term, net of any taxes, costs, expenses, liabilities, charges or other deductions whatsoever, with respect to the Premises or with respect to any interest of Lessor therein, except as specifically provided otherwise herein.

## ARTICLE 4.

### Permitted Uses of Leased Property and Transmission Facilities

MAIT shall have use of Leased Property for operation of Transmission Facilities solely for transmission, but not distribution, of electricity, and purposes incidental thereto including, without limitation, operating, inspecting, maintaining, repairing, replacing and removing Transmission Facilities (the "Permitted Uses"). Subject to Article 5 hereof, MAIT shall also have the right to construct, improve, alter and/or relocate Transmission Facilities on Leased Property. MAIT shall



not have the right to use the Premises and MAIT may not permit others to use any Leased Property or Transmission Facilities for any purpose other than Permitted Uses, all such rights being reserved to Lessor as provided in Article 5.

## ARTICLE 5.

### Additions/Alterations

Section 5.1 Additions/Alterations. MAIT may construct, erect, alter, add to or relocate Transmission Facilities (an "Addition/Alteration") on Leased Property only after prior written notice thereof to Lessor. Prior to undertaking any Addition/Alteration, MAIT shall submit plans, specifications, surveys and/or other information pertaining to the proposed Addition/Alteration so as to fully inform Lessor as to the nature and extent thereof. Within sixty (60) days after such notice to Lessor, Lessor shall notify MAIT whether such proposed Addition/Alteration will result in an additional burden on the Premises and Lessor's estimate of the amount of the fair market value of the property rights required therefor.

Section 5.2 New Facilities. With the prior written approval of Lessor, which approval shall not be withheld except as necessary to preserve Lessor's Compatible Uses (as hereinafter defined), MAIT may construct, erect, or install and operate electric transmission lines, towers, poles, posts, cables, conduits, transformers, insulators, meters, electric connections, fuses, junction boxes and other fixtures and any equipment ("New Facilities") on the Premises provided that MAIT pays to Lessor the fair market value of the property rights required therefor. MAIT may submit to Lessor from time to time written requests to use portions of the Premises for New Facilities and shall accompany such request with plans, specifications, surveys and/or other information pertaining thereto so as to fully inform Lessor as to the nature and extent thereof. Within sixty (60) days after submission of such request to Lessor, Lessor shall notify MAIT whether or not Lessor approves use of the Premises for the New Facilities and of Lessor's estimate of the fair market value of the property rights required therefor. Lessor shall accommodate, if practically feasible, MAIT's requests for New Facilities to the extent that the same are related to the Transmission Facilities or to the provision of adequate and reliable transmission service by MAIT, including the interconnection of generation sources or load.

Section 5.3 Payment of Fair Market Value. Prior to making any Addition/Alteration on Leased Property or undertaking work on the Premises with respect to New Facilities, MAIT shall pay to Lessor a lump sum equal to the fair market value of the property rights required therefor. If MAIT wishes to proceed with making the Addition/Alteration on Leased Property or undertaking work on the Premises with respect to New Facilities prior to final determination of the fair market value of the property rights required therefor, MAIT shall deposit with Lessor a sum equal to the amount of Lessor's estimate without prejudice to its right to a refund of a portion thereof with interest if the fair market value is subsequently determined to be less than the amount so deposited.

Section 5.4 Compliance with Laws. All Additions/Alterations and New Facilities shall be undertaken in a good and workmanlike manner and in compliance with the laws, regulations and requirements of all governmental authorities having jurisdiction.

Section 5.5 Additions to Leased Property. Unless Lessor and MAIT agree otherwise in writing, all Additions/Alterations and New Facilities shall become Transmission Facilities as if originally subject to this Lease and the same shall remain the property of MAIT. Further, any additional property rights in the Premises for which MAIT has made payment to Lessor pursuant to Section 5.2, Section 5.3, Section 7.2 or Section 7.3 hereof shall become Leased Property as if originally subject to this Lease.

## ARTICLE 6.

### Maintenance of the Premises and Transmission Facilities

Section 6.1 MAIT Maintenance Obligations. Except as provided in Section 9.4, MAIT shall be solely responsible for maintaining, at its expense, all Transmission Facilities and the Premises. MAIT shall maintain the portions of the Premises for which MAIT is responsible for maintenance in a clean and orderly condition, free from all litter and debris without regard to how the same became placed thereon or therein. MAIT shall be responsible for maintaining and repairing buildings, structures and fixtures on Leased Property (but not Distribution Facilities therein or thereon) so as to keep the same in good condition and repair. MAIT shall keep and maintain the Transmission Facilities located on Leased Property in a structurally and operationally safe condition and keep the same in a state of repair complying with all requirements of NESC and Applicable Law. MAIT shall be solely responsible for repairing, maintaining and replacing, as necessary, all parking areas, driveways, passageways, walkways and other areas on the Premises (except such as may be or have been installed by Lessor or an Authorized User in connection with a Compatible Use of the Premises that is related to any exclusive use by Lessor and/or an Authorized User and not MAIT) and the sidewalks and tree lawns adjoining the Premises. MAIT also shall be responsible for mowing portions of the Premises for which MAIT is responsible for maintenance, for removal of noxious weeds and brush therefrom and for removal of snow and ice from driveways and parking areas other than those exclusively related to a Compatible Use of Leased Property by Lessor and/or an Authorized User and not MAIT.

Section 6.2 Patrol: Encroachments. MAIT shall patrol by air the Premises at least annually and MAIT shall notify Lessor of any unauthorized uses of the Premises or encroachments thereon that may be identified as a result of such patrol or otherwise. If there are unauthorized uses of, or encroachments upon, the Premises, Lessor shall determine in the first instance whether or not action should be undertaken to terminate or otherwise address the same. If Lessor undertakes to terminate the unauthorized use or encroachment, Lessor shall do so at its sole cost and expense. If Lessor notifies MAIT that Lessor has determined that no action will be required by Lessor to terminate such unauthorized use or encroachment, then MAIT may take action, at MAIT's sole cost and expense, as it may deem appropriate to terminate such unauthorized use or encroachment.

Section 6.3 Lessor Not Responsible for Maintenance. Except as otherwise provided herein, Lessor shall not be responsible or liable to MAIT for, or by reason of, the condition of Premises, or arising from any failure to keep the same in good and lawful order and condition. Lessor shall not be required to make any expenditure whatsoever for the maintenance of Premises except as necessary to permit its Compatible Uses thereof or related to Lessor's facilities and equipment on, under or over Premises.

## ARTICLE 7.

### Electric Distribution Facilities on Transmission Facilities and Leased Property

Section 7.1 Priority Rights for Transmission Facilities. Lessor acknowledges that MAIT is to have the priority right to use Transmission Facilities and the Leased Property for its electric transmission lines and that Lessor's proposed installation of Distribution Facilities (defined in Section 8.1 hereof) on or in Transmission Facilities and/or Leased Property or Lessor's existing Distribution Facilities on or in Transmission Facilities and/or Leased Property may conflict with MAIT's planned installation of additional transmission lines thereon or therein.

Section 7.2 Proposed Installation of Distribution Facilities. To the extent that Lessor proposes to install Distribution Facilities on or in Transmission Facilities or Premises that MAIT regards as conflicting with MAIT's planned installation of additional transmission lines thereon or therein, MAIT may preclude Lessor's use for such installation. In such event, MAIT shall reimburse Lessor for the additional incremental cost of the alternative required in order to facilitate the Distribution Facilities proposed by Lessor (it being recognized that alternative rights-of-way for electric distribution lines are less difficult to obtain and less costly than MAIT alternative rights-of-way for transmission lines) over the cost Lessor would have incurred if Distribution Facilities were installed on Transmission Facilities or Premises.

Section 7.3 Relocation of Distribution Facilities. Lessor and MAIT also recognize that Distribution Facilities may presently be installed on or in Transmission Facilities or Leased Property or hereafter installed thereon or therein that MAIT subsequently determines preclude installation of additional transmission lines unless such Distribution Facilities are removed and relocated. In such event, MAIT shall have the right to require Lessor to remove such Distribution Facilities provided MAIT has reimbursed Lessor for alternative rights-of-way such that Lessor may install Distribution Facilities that are a suitable alternative to the existing Distribution Facilities that are to be removed and relocated. MAIT shall also reimburse Lessor for the cost of removing its Distribution Facilities from Transmission Facilities or Leased Property and for the cost of installing the alternative Distribution Facilities and shall pay to Lessor a lump sum equal to the fair market value of the property rights reserved or used for MAIT's additional transmission lines if the same result in an additional burden on the Premises.

## ARTICLE 8.

### Lessor's Reserved Rights to Use the Premises and Transmission Facilities

Section 8.1 Compatible Uses. Subject to Article 9 hereof, Lessor reserves and retains the right to use, and to permit other users authorized in writing by Lessor to use (each an "Authorized User"), the Premises and Transmission Facilities for any and all purposes not inconsistent with MAIT's Permitted Uses including, without limitation, all such uses as are being made of the Premises and Transmission Facilities on the date of this Lease and any future uses that do not cause Transmission Facilities to be in violation of the National Electric Safety Code ("NESC") or any other law, ordinance, rule or regulation applicable to Transmission Facilities or Leased Property, including the Reliability Standards adopted by the Federal Energy Regulatory Commission and enforced by the North American Electric Reliability Corporation and

ReliabilityFirst Corporation (“Applicable Laws”) or that do not materially impair MAIT’s ability to satisfy its service obligations under applicable tariffs. Such uses of Premises and Transmission Facilities by Lessor or an Authorized User are herein referred to as “Compatible Uses.” Compatible Uses of Leased Property include, for example and not limitation, towers, poles, posts, cables, conduits, transformers, insulators, meters, electrical connections, fuses, junction boxes and other equipment relating to distribution, but not transmission, of electricity (“Distribution Facilities”) of Lessor or Authorized Users; any and all underground lines, conduits, pipes, equipment and facilities including, without limitation, sewer, water and gas lines and mains; farming, gardening, and other agricultural uses, roadways, parking lots and buildings; microwave and cellular telephone and other telecommunication towers, poles, antennae and equipment, fiberoptic cables and all other structures and facilities of every type and nature. Compatible Uses of Transmission Facilities includes, for example and not limitation, installation and operation thereon of Distribution Facilities, telephone, fiber optic and other communication lines and equipment, installation of communication poles, antennae or structures within or on Transmission Facilities and use of Transmission Facilities for support thereof.

Section 8.2 Conflicting Uses. Any use of Leased Property that is not a Compatible Use, i.e., that causes Transmission Facilities to be in violation of the NESC or Applicable Law or that materially impairs MAIT’s ability to satisfy its service obligations under applicable tariffs, is referred to herein as a “Conflicting Use.”

## ARTICLE 9.

### Compatible Uses by Lessor or Authorized Users

Section 9.1 Notice of Compatible Use. Lessor shall give MAIT written notice of an intention to initiate any use that Lessor or an Authorized User, as the case may be, (an “Initiating User”) deems to be a Compatible Use at least thirty (30) days prior to undertaking activities in furtherance of such proposed use provided, however, that no such notice shall be required unless the Compatible Use involves an attachment to Transmission Facilities (such as Distribution Facilities, electric distribution lines, equipment, supports, antenna and other equipment or facilities attached in any way thereto or suspended therefrom) or an installation requiring excavation within the surface area underlying or within thirty (30) feet adjacent to, Transmission Facilities at ground level. Within thirty (30) days after notice to MAIT of such proposed use, MAIT shall notify Lessor whether MAIT believes the proposed use to be a Conflicting Use. If MAIT notifies Lessor that it regards the proposed use to be a Conflicting Use, then activities in furtherance thereof shall not be undertaken until and unless MAIT notifies Lessor in writing that MAIT withdraws its claim that such proposed use is a Conflicting Use or MAIT and Lessor otherwise agree in writing to modification of the proposed use of the Transmission Facilities affected thereby so as to accommodate the objections) by MAIT. Lessor shall furnish to MAIT such plans and specifications, surveys or other information regarding the proposed use as MAIT may reasonably request in order to evaluate the nature and extent of the proposed use.

MAIT and Lessor shall cooperate in good faith to accommodate Permitted Uses and Compatible Uses of Leased Property and Transmission Facilities to the extent reasonably feasible. If and to the extent that Transmission Facilities may be relocated or modified to accommodate Compatible Uses and thereby avoid Conflicting Uses without materially adversely affecting the

operation thereof, MAIT shall undertake, or authorize Lessor or an Authorized User to undertake, such relocation or modification provided Lessor or the Authorized User, as the case may be, pays all costs reasonably incurred in making such relocations or modifications (including, without limitation, land or right of way acquisition costs, engineering and legal fees and expenses and construction costs) and observes such requirements as MAIT may reasonably specify in connection therewith.

Section 9.2 Informational Notices. Lessor may give MAIT written notice of an intention to initiate any proposed use of Leased Property by Lessor or an Authorized User in proximity to Transmission Facilities that might adversely affect the structure of, or subjacent or lateral support for, Transmission Facilities and furnish such plans and specifications, surveys and other information regarding such proposed use so that MAIT may specify appropriate protective requirements with respect to the work so as to avoid possible damage to Transmission Facilities. Lessor also may give MAIT informational notice of other Compatible Uses of the Premises that do not require notice to MAIT prior to initiating same. Such informational notices may result in relieving MAIT of some maintenance responsibility for the Premises or for payment of a share of Impositions that are attributable to the facilities or equipment related to Compatible Use or may be merely for the purpose of informing MAIT of the existence of such Compatible Use.

Section 9.3 Repair Obligations of Lessor Authorized User. Lessor shall promptly cause all damage to the Premises or Transmission Facilities resulting from activities associated with Compatible Uses undertaken by Lessor to be repaired to a condition at least substantially equivalent to that existing prior thereto including, as appropriate in the case of the Premises, leveling of the surface thereof and seeding with grasses or other ground cover as appropriate following excavation of the surface and such other restorative requirements, as the case may be, set forth in the plans and specifications therefor submitted to MAIT. Lessor shall also require each Authorized User to cause all damage to the Premises or Transmission Facilities resulting from activities associated with Compatible Uses by such Authorized User to be so repaired.

Section 9.4 Maintenance Obligation of Lessor or Authorized User. Lessor or an Authorized User, as the case may be, shall be solely responsible for maintenance and repair of all facilities and equipment relating to its Compatible Uses of the Premises or Transmission Facilities and shall keep and maintain the same in a structurally and operationally safe condition. Lessor or an Authorized User, as the case may be, shall also be responsible for maintaining any portion of the Premises that is exclusively used by Lessor or the Authorized User.

## ARTICLE 10.

### Right of First Offering

Section 10.1 Sale Offer of Leased Property. In the event Lessor determines to sell any Leased Property, Lessor shall notify in writing MAIT thereof and the sales price and terms upon which Lessor wishes to sell the same (the "Sale Offer"). MAIT shall have the right to purchase the Leased Property that Lessor proposes to sell at the price and upon the terms of the Sale Offer for a period of thirty (30) days after such notice to MAIT. MAIT shall exercise such right by written notice of acceptance of such Sale Offer within such 30-day period. In the event MAIT does not accept such Sale Offer, Lessor may sell the Leased Property subject to the Sale Offer at any time

within one (1) year after notice of the Sale Offer to MAIT upon substantially the same terms and for a sale price that is not less than 90% of the sale price set forth in the Sale Offer.

Section 10.2 MAIT's Lease Rights Preserved. Any sale of Leased Property to a third party pursuant to a Sale Offer shall not affect the rights of MAIT under this Lease and, unless Lessor and MAIT shall agree otherwise in writing, such sale shall not result in adjustment of the Base Rent otherwise payable by MAIT to Lessor with respect to such Leased Property.

Section 10.3 Sale of Premises other than Leased Property. Lessor shall have the right to sell any portion of the Premises that does not include Leased Property without offering to sell the same to MAIT.

## ARTICLE 11.

### Taxes and Other Impositions

Section 11.1 MAIT's Responsibility for Impositions. Except as hereinafter provided in Section 11.2 and Section 11.4, MAIT shall reimburse Lessor within ten (10) business days after receipt of an invoice from Lessor therefor, before any fine, penalty, interest or cost may be added thereto for the non-payment thereof, all real estate taxes, assessments, water and sewer rents and charges, any occupancy tax or similar tax, whether or not imposed on or measured by the rents payable by MAIT, and other governmental levies and charges, of any kind and nature whatsoever, which are assessed, levied, confirmed, imposed or become a lien upon the Premises and/or any part thereof, during the Term and any tax measured by the rent payable by MAIT under this Lease or any tax solely on the rent payable by MAIT under this Lease, whether or not such tax is imposed on Lessor or MAIT (all of which are hereinafter referred to as "Impositions"). Upon request, Lessor shall furnish to MAIT all bills relating to Impositions received by Lessor so that MAIT may determine whether or not to contest same as permitted by Section 11.3 hereof. If, by law, any Imposition is payable or may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Lessor shall pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments as the same respectively become due and before any fine, penalty, interest or cost may be added thereto for the non-payment of any such installment and interest. Any Imposition, the lien of which relates to a period in which the Term of this Lease as to any of the Premises begins or ends, shall be apportioned so that MAIT shall pay only that proportion of such Imposition which corresponds with the portion of said period as is within the Term. Upon request by MAIT, Lessor will cooperate with MAIT in applying for any exemption from real estate taxes to which the Premises may be entitled under applicable law provided MAIT reimburses Lessor for any out-of-pocket costs reasonably incurred by Lessor in connection therewith.

Section 11.2 Apportionment. Notwithstanding Section 11.1, MAIT shall not be responsible for reimbursing Lessor for the portions of Impositions attributable to buildings, improvements or Distribution Facilities of Lessor or an Authorized User, it being contemplated that MAIT will be responsible for Impositions attributable to the Premises and to buildings and improvements that relate to Transmission Facilities (i.e., to the extent attributable to use for transmission of electricity). Distribution Facilities and the Transmission Facilities are generally treated under applicable state tax law as personal property and taxed as such to Lessor or MAIT, as

the case may be. Real estate taxes on rights-of-way are generally payable by the fee owner and not Lessor. Accordingly, it is anticipated that real estate taxes and assessments with respect to fee land that is a part of the Premises will have to be apportioned so that the taxes attributable to the land and buildings and improvements (or portions thereof) relating to transmission of electricity are allocated to MAIT and Lessor shall cooperate in order to effect an appropriate allocation of real estate taxes, assessments and any other Impositions such that MAIT, Lessor or Authorized Users are charged with payment of the proper portion thereof.

Section 11.3 Contested Impositions. Notwithstanding anything to the contrary herein contained, if MAIT deems any Imposition for which it is responsible to be excessive or illegal, MAIT may request that Lessor defer payment thereof in order to permit the validity or the amount thereof to be contested in good faith by MAIT (or by Lessor on MAIT's behalf) provided MAIT shall have furnished to Lessor such security as Lessor may reasonably require in order to assure the discharge of the amounts so contested and unpaid, together with all interest and penalties in connection therewith and all charges that may or might be assessed against or become a charge on the Premises in said proceedings. If, at any time during the continuance of such proceedings, Lessor shall deem the security provided to it insufficient, MAIT shall, upon demand, furnish to Lessor such additional security as Lessor may reasonably require, and upon failure of MAIT so to do, the security theretofore provided may be applied to the payment, removal and discharge of such Imposition and interest and penalties in connection therewith and any costs, fees or other liabilities accruing in such proceedings, and the balance, if any, shall be returned to MAIT, provided MAIT is not in default hereunder. If the amount so deposited or the amount paid by MAIT or its surety shall be insufficient for this purpose, MAIT shall forthwith pay to Lessor such additional sum as may be necessary to pay the same. Any contest as to the validity or amount of any Imposition, whether before or after payment, may be made by MAIT, in the name of Lessor or of MAIT, or both, as MAIT shall determine, and Lessor will, at MAIT's expense, cooperate with MAIT in any such contest to such extent as MAIT may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses in connection with any such proceeding brought by MAIT and MAIT covenants to pay, and to indemnify and save Lessor harmless from, any such costs or expenses. MAIT shall be entitled to any refund of any such Imposition and penalties or interest thereon which have been paid by MAIT or which have been paid by Lessor and reimbursed to Lessor by MAIT.

Section 11.4 Lessor's Taxes. It is expressly understood and agreed that MAIT shall not be required to pay, or reimburse Lessor for any federal, capital levy, franchise tax, gross receipts tax, revenue tax, premium tax, personal property tax, income tax or profits tax of Lessor or any such tax imposed after the date hereof, by any state or local governmental authority or jurisdiction if such tax is determined on the basis of the general assets, or the general net income or net revenue of Lessor.

## ARTICLE 12.

### Compliance with Applicable Laws

Section 12.1 Compliance with Applicable Law. MAIT shall, throughout the Term, and at no expense whatsoever to Lessor, promptly comply, or cause compliance, with all Applicable Laws and all orders, rules, regulations and requirements of duly constituted public authorities

relating to the Transmission Facilities and all of the Premises except as the same relate to Compatible Uses by Lessor and/or Authorized Users.

Section 12.2 MAIT's Contest of Applicable Law. MAIT shall have the right to contest by appropriate legal proceedings, without cost or expense to Lessor, the validity of any Applicable Law relating to its use of Leased Property or Transmission Facilities and to postpone compliance with the same if, by the terms of any such Applicable Law, compliance therewith may legally be held in abeyance without incurring any lien, charge or liability of any kind against the Premises or any interest of Lessor therein and without subjecting Lessor to any liability, civil or criminal, whatsoever nature for failure to comply therewith. MAIT may postpone compliance therewith until the final determination of any proceedings, provided that all such proceedings shall be prosecuted with all due diligence and dispatch. If MAIT shall initiate or carry on any such legal proceedings in the name of Lessor, or of Lessor and MAIT, and, except in the case of an emergency, MAIT shall so advise Lessor in writing not less than fifteen (15) days before initiating such proceedings and give full details as to the tribunal in which said proceedings are to be filed, the law, ordinance, order, ruling, regulation or requirement contested, and such additional data as Lessor may require to enable it to understand the facts and evaluate them. If any lien, charge or civil liability, but not criminal liability, is incurred by reason of non-compliance, MAIT may nevertheless make the contest and delay compliance as aforesaid, provided that MAIT furnishes to Lessor such security as Lessor may reasonably require against any loss or injury by reason of such non-compliance or delay therein and MAIT prosecutes the contest with due diligence and dispatch.

Section 12.3 Contest of Applicable Law by Lessor or Authorized User. Nothing in this Article 12 shall preclude Lessor or an Authorized User from contesting the validity of any law, ordinance, rule or regulation applicable to the Premises or any use thereof by Lessor or an Authorized User as the case may be.

## ARTICLE 13.

### Damage or Destruction of Transmission Facilities and Condemnation

Section 13.1 Damage; Destruction and Condemnation. This Lease shall not terminate, nor, except to the extent otherwise specifically provided herein, shall MAIT be entitled to any abatement or return of Base Rent or reduction thereof, nor shall the respective obligations of Lessor and MAIT be otherwise affected, by reason of damage to or destruction of all or any of the Transmission Facilities from whatever cause, the taking of the Premises or Transmission Facilities by condemnation or exercise of the power of eminent domain or otherwise, the lawful prohibition of MAIT's use of any Leased Property or Transmission Facilities, or any other cause similar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Base Rent and charges paid or payable by MAIT shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

Section 13.2 Condemnation Award. Lessor shall be entitled to the entire award resulting from any taking of the Premises pursuant to exercise of the power of eminent domain and MAIT shall have no claim with respect thereto. Notwithstanding the foregoing, in the event of a taking of Leased Property by exercise of the power of eminent domain such that MAIT cannot continue use



of the portion affected thereby for its Transmission Facilities, then MAIT shall have the right to terminate this Lease as to such portion, however, Base Rent payable by MAIT shall not be reduced as a result thereof.

## ARTICLE 14.

### Environmental Matters

Section 14.1 Hazardous Material. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any governmental authority, including without limitation, any material or substance which is (a) defined or listed as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance" or "hazardous material" under any applicable federal, state or local law or administrative code promulgated thereunder; (b) petroleum or any derivative thereof; (c) asbestos; (d) PCB's; or (e) lead. MAIT shall not cause or permit any Hazardous Material to be brought upon, stored, used, handled, generated, released or disposed of on, in, under or about the Premises by MAIT, its agents, employees, contractors or invitees, except in compliance with applicable laws and regulations. Moreover, MAIT shall be responsible for removal of any and all Hazardous Material on or under the Premises excepting only such Hazardous Material as was present prior to the Commencement Date or hereafter is placed on or under the Premises as a result of acts of Lessor or Authorized Users or the presence of facilities and equipment of Lessor or Authorized Users thereon or therein or on, under or over other properties of Lessor adjacent to or in the vicinity of the Premises.

Section 14.2 MAIT's Environmental Indemnity. MAIT shall indemnify, defend and hold Lessor and its officers, directors and employees harmless from any and all claims, actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses, attorney's fees and expenses, consultant and expert fees, costs of investigation, monitoring, cleanup, containment, restoration, removal or other remedial work, together with all other costs and expenses of any kind or nature that arise during or after the Term from any breach of MAIT's obligations set forth in this Article 14.

Section 14.3 Lessor's Environmental Indemnity. Lessor shall indemnify, defend and hold MAIT and its officers, directors and employees harmless from any and all claims, actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses, attorney's fees and expenses, consultant and expert fees, costs of investigation, monitoring, cleanup, containment, restoration, removal or other remedial work, together with all other costs and expenses of any kind or nature that arise during or after the Term from the presence of Hazardous Material on or under the Premises prior to the Commencement Date or that is hereafter placed on or under the Premises as a result of acts of Lessor or Authorized Users or the presence of facilities of Lessor or Authorized Users thereon or therein or on, under or over other properties of Lessor and adjacent to or in the vicinity of the Premises.

Section 14.4 Survival of Environmental Indemnity Covenants. Each of the covenants and agreements of MAIT and Lessor set forth in this Article 14 shall survive termination of this Lease.

## ARTICLE 15.

### Indemnification

Section 15.1 MAIT's Indemnification Obligation. Except as herein expressly provided otherwise, MAIT covenants and agrees, at its sole cost and expense, to indemnify, defend and save harmless Lessor against and from any and all claims by or on behalf of any person, firm, corporation or governmental authority, arising from the construction, occupancy, use, possession, conduct or maintenance of or from any work or thing whatsoever done in or about Premises during the Term and further to indemnify, defend and hold Lessor harmless against and from any and all claims arising with respect to Transmission Facilities, or arising from any breach or default on the part of MAIT in the performance or observance of any covenant or agreement on the part of MAIT to be performed or observed pursuant to the terms of this Lease, or arising from any negligent act or omission or willful misconduct of MAIT, or any of its agents, employees, contractors or invitees, or arising from any accident, injury or damage whatsoever, however caused, occurring during the Term, in or about the Premises, and from and against all costs, counsel and consultants' fees, expenses and liabilities incurred by Lessor in connection with any such claim, action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to Lessor unless such action or proceeding is resisted or defended by counsel for any carrier of commercial general liability insurance referred to in Section 17.1 hereof, as authorized by the provisions of any policy of commercial general liability insurance maintained pursuant to said Section. The foregoing indemnification, defense and hold harmless provision for the benefit of Lessor (a) shall apply only to the extent that the proceeds of insurance required hereunder or otherwise obtained by MAIT for the benefit of Lessor are insufficient fully to protect Lessor and (b) shall not apply or extend to any negligent act or omission or willful misconduct of Lessor or an Authorized User, or any agents, employees or contractors of Lessor or an Authorized User nor to any condition, or circumstance resulting from operation, maintenance, repair, replacement or removal, of the Distribution Facilities of Lessor on the Premises or improvements, equipment or facilities of an Authorized User on the Premises.

Section 15.2 MAIT's Indemnification for Lessor's Costs of Enforcing Lease. MAIT shall indemnify, defend and hold Lessor harmless against and from, all costs and charges, including counsel and consultants' fees, reasonably incurred in obtaining possession of the Premises after default by MAIT or upon expiration or earlier termination of the Term hereof, or in enforcing any covenant or agreement of MAIT herein contained.

Section 15.3 Workers' Compensation Indemnity Waivers. For the purpose of indemnification of Lessor from judgments, claims, suits or actions brought against it by MAIT employees, MAIT expressly and specifically waives any and all immunity to which it may be entitled under the workers' compensation laws of the jurisdiction in which the Premises are located.

## ARTICLE 16.

### Liens

Section 16.1 No Liens. Except as provided in Article 11 and Article 24 hereof, MAIT shall not allow the interest of Lessor or MAIT in the Premises or Transmission Facilities to become subject to any lien, charge or encumbrance whatsoever and shall indemnify, defend and hold Lessor harmless from and against all such liens, charges and encumbrances.

Section 16.2 Discharge of Certain Liens. MAIT shall not suffer or permit any mechanic's, laborer's or materialman's liens to stand against the Premises, or any part thereof by reason of any work, labor, services or materials done for, or supplied to, or claim to have been done for, or supplied to, MAIT. If any such lien shall at any time be filed against the Premises, or any part thereof, or against the interest of MAIT in the Premises, MAIT shall cause the same to be discharged of record within thirty (30) days after the date of filing the same, by either payment, deposit or bond. If MAIT shall fail to discharge any such lien within such period, then, in addition to any other right or remedy of Lessor, Lessor may, but shall not be obligated to, procure the discharge of the same either by paying the amount claimed to be due by deposit in court or bonding, and/or Lessor shall be entitled, if Lessor so elects, to compel the prosecution of any action for the foreclosure of such lien by the lienor and to pay the amount of the judgment, if any, in favor of the lienor, with interest, costs and allowances. Any amount paid or deposited by Lessor for any of the aforesaid purposes, and all reasonable costs and other expenses of Lessor, including reasonable counsel and consultants' fees, in defending any such action or procuring the discharge of such lien, with all necessary disbursements in connection therewith, shall be payable by MAIT to Lessor as additional rent within thirty (30) days after invoice by Lessor to MAIT therefor.

Section 16.3 No Lessor Consent to Liens. Nothing in this Lease shall be deemed to be, or construed in any way as constituting, the consent of Lessor to the filing of any lien against Lessor's interest in the Premises by any person, firm or corporation for the performance of any labor or the furnishing of any materials for any construction, rebuilding, alteration or repair of Transmission Facilities, or any part thereof

## ARTICLE 17.

### Insurance and Waiver of Subrogation

Section 17.1 Insurance. During the Term, MAIT shall maintain in effect commercial general liability insurance protecting MAIT and Lessor (as evidenced by policies in which Lessor is named as an additional insured) against claims of any and all persons, firms and corporations for personal injury, death or property damage occurring upon, in or about the Premises, with such limits of liability as are customarily carried by prudent electric transmission companies or such amount as Lessor shall approve in writing from time to time. All insurance policies provided pursuant to this Section 17.1 shall be obtained by MAIT from an insurance carrier or carriers of good reputation and sound financial responsibility selected by MAIT and shall be subject to self-retention deductibles in such amounts as Lessor may approve in writing from time to time, which approval Lessor agrees not to unreasonably withhold, delay or condition. Policies or certificates evidencing such insurance have been delivered by MAIT to Lessor prior to execution

of this Lease and certificates evidencing renewal of such insurance shall be delivered to Lessor at least ten (10) days' prior to the expiration of any such policy of insurance. Each such policy shall contain an agreement by the insurers not to cancel such policy or materially alter its coverages except upon at least thirty (30) days' prior written notice to Lessor.

Section 17.2 Waivers of Subrogation. Lessor and MAIT each hereby mutually waive its respective rights of subrogation and recovery against the other for any loss insured by property insurance maintained by such party. The Transmission Facilities and all other property on the Premises belonging to MAIT, its agents, employees or invitees shall be at the risk of MAIT or such other person only, and Lessor shall not be liable for damage thereto or for the theft, misappropriation or loss thereof.

## ARTICLE 18.

### Lessor's Rights To Perform MAIT's Covenants

Except to the extent otherwise provided in Section 11.3, MAIT covenants and agrees that if it shall at any time fail to pay, or cause to be paid, any Imposition required to be paid by MAIT pursuant to the provisions of Article 11 hereof, or to take out, pay for, maintain or deliver or cause to be taken out, paid for, maintained or delivered any of the insurance policies provided for in Article 17 hereof, or shall fail to make any other payment or perform any other act which MAIT is obligated to make or perform under this Lease, or cause such to be done, then Lessor may, but shall not be obligated so to do, after thirty (30) days' written notice to MAIT (but without notice in the event of an emergency) and without waiving, or releasing MAIT from, any obligation of MAIT in this Lease contained, pay any such Imposition or effect such insurance coverage and pay premiums therefor, and may make any other payment or perform any other act which MAIT is obligated to perform under this Lease, in such manner and to such extent as shall be necessary, reasonable and, in exercising any such rights, pay necessary, reasonable and incidental costs and expenses, employ counsel and incur and pay attorneys' and consultants' fees. All sums so paid by Lessor and all necessary, reasonable and incidental costs and expenses in connection with the performance of any such act by Lessor, shall be deemed additional Base Rent hereunder and, except as otherwise expressly provided in this Lease, shall be payable to Lessor as additional Base Rent within thirty (30) days after the date of Lessor's invoice to MAIT therefor, and MAIT covenants to pay any such sum or sums and Lessor shall have the same rights and remedies in the event of the nonpayment thereof by MAIT as in the case of default by MAIT in the payment of Base Rent.

## ARTICLE 19.

### Default Provisions

Section 19.1 Events of Default. This Lease and the Term hereof are subject to the limitation that if, at any time during the Term, any one or more of the following events (herein called an "Event of Default") shall occur:

- (a) if MAIT shall fail to pay any installment of the Base Rent provided for herein, or any part thereof, when the same shall become due and payable, and such failure

shall continue for ten (10) days after receipt of written notice thereof from Lessor to MAIT;  
or

(b) if MAIT shall fail to pay any other charge or sum required to be paid by MAIT hereunder and any such failure shall continue for thirty (30) days after receipt of written notice thereof from Lessor to MAIT; or

(c) if MAIT shall fail to perform or observe any other requirement of this Lease (not already specified in this Section 19.1) on the part of the MAIT to be performed or observed, and such failure shall continue for thirty (30) days after receipt of written notice thereof from Lessor to MAIT; or

(d) if substantially all Transmission Facilities in or on Leased Property or MAIT's interest in this Lease are attached or levied upon under execution and the same is not discharged within sixty (60) days thereafter,

Lessor shall have the right, then or at any time thereafter, and while such default or defaults shall continue, to give MAIT written notice of Lessor's intention to terminate this Lease on a date specified in such notice, which date shall not be less than thirty (30) days after the date of giving of such notice, and, on the date specified in such notice, MAIT's right to possession of Leased Property shall cease and MAIT shall peaceably and quietly yield to and surrender to Lessor the Premises and this Lease shall thereupon be terminated and all of the right, title and interest of MAIT hereunder shall wholly cease and expire in the same manner and with the same force and effect as if the date of expiration of such thirty (30) day period were the date originally specified herein for the expiration of this Lease and the Term hereof, and MAIT shall then quit and surrender the Premises and the Transmission Facilities on Leased Property to Lessor, but MAIT shall remain liable to Lessor as provided below. In the event of termination of this Lease, MAIT shall be deemed to have abandoned all Transmission Facilities on, under or over Leased Property to the extent the same have not been removed thereon prior to the date of such termination.

Section 19.2 Possession Following Event of Default. In the event of any termination of this Lease pursuant to Section 19.1 or if an Event of Default shall continue beyond the expiration of any grace or cure period provided for above, Lessor may enter upon the Premises and have, repossess and enjoy the same by summary proceedings, ejectment or otherwise, and in any such event neither MAIT nor any person claiming through or under MAIT shall be entitled to possession or to remain in possession of the Premises but shall forthwith quit and surrender the Premises. Lessor shall be under no liability for or by reason of any such entry, repossession or removal of MAIT or any person claiming through or under MAIT.

Section 19.3 MAIT's Responsibility for Costs. In case of any such termination, re-entry or dispossession by summary proceedings, ejectment or otherwise, the rent and other charges required to be paid by MAIT hereunder shall thereupon become due and payable up to the time of such termination, re-entry or dispossession, and MAIT shall also pay to Lessor all reasonable expenses which Lessor may then or thereafter incur for legal expenses, attorney's and consultants' fees, brokerage commissions, and all other reasonable costs paid or incurred by Lessor for keeping or restoring the Premises and the Transmission Facilities to good order and condition or, if Lessor elects to do so, for removing Transmission Facilities from Leased Property. Lessor shall be under

no obligation to lease or relet Leased Property or Transmission Facilities or any part of either in order to mitigate damages.

Section 19.4 Survival of MAIT's Payment Obligation. The right of Lessor to recover from MAIT the amounts provided for above shall survive the issuance of any order for possession or other cancellation or termination hereof.

Section 19.5 Extension of Cure Period for Certain Events of Default. Anything in this Article 19 to the contrary notwithstanding, it is expressly understood that, with respect to any Event of Default within the purview of clause (c) of Section 19.1 hereof, if such Event of Default is of such a nature that it cannot, with due diligence, be cured within a period of thirty (30) days, Lessor shall not be entitled to re-enter the Premises, serve a notice of termination upon MAIT as provided in said Section 19.1, or exercise any right, power or remedy with respect to such Event of Default nor shall the same be regarded as an Event of Default for any of the purposes of this Lease, if MAIT shall have notified Lessor in writing that MAIT will undertake curing such default and commenced the curing of such default within the period of thirty (30) days referred to in said clause 19.1(c), and so long as MAIT shall thereafter proceed in good faith with reasonable diligence to complete the curing of such default, and the time within which MAIT must cure the same shall be extended for such period as may be necessary to complete the same with due diligence.

## ARTICLE 20.

### Cumulative Remedies, Waiver

Section 20.1 Cumulative Remedies. The specified remedies to which Lessor may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Lessor may be lawfully entitled in case of any breach or threatened breach by MAIT of any provision of this Lease. In addition to the other remedies in this Lease provided, Lessor shall be entitled to the restraint by injunction of any violation or attempted or threatened violation of any of the terms, covenants, condition, provisions or agreements of this Lease.

Section 20.2 No Waiver. The failure of Lessor to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, provisions or agreements of this Lease or to exercise any option herein contained shall not be construed as a waiver or a relinquishment for the future of any such term, covenant, condition, provision, agreement or option. A receipt and acceptance by Lessor of Base Rent or any other payment, or the acceptance of any performance of anything required by this Lease to be performed, with knowledge of the breach of any term, covenant, condition, provision or agreement of this Lease, shall not be deemed a waiver of such breach, nor shall any acceptance of any payment in a lesser amount than is herein provided for (regardless of any endorsement on any check, or any statement in any letter accompanying any payment) operate or be construed either as an accord and satisfaction or in any manner other than as payment on account of the amounts then unpaid by MAIT, and no waiver by Lessor of any term, covenant, condition, provision or agreement of this Lease shall be deemed to have been made unless specifically acknowledged as such in a writing signed by Lessor.

## ARTICLE 21.

### Quiet Enjoyment and Surrender of Leased Property

Section 21.1 Quiet Enjoyment. So long as MAIT shall make the Base Rent and other payments provided for herein and shall keep, observe and perform all of the other covenants of this Lease, MAIT shall and may peaceably and quietly have, hold and enjoy the Premises for Permitted Uses during the Term hereof free of interference from Lessor or those claiming by, through or under Lessor except that nothing herein shall preclude use of the Premises or Transmission Facilities by Lessor or Authorized Users to the extent provided elsewhere in this Lease. This covenant shall be construed as running with the land to and against subsequent owners and successors in interest, and is not, nor shall it operate or be construed as, a personal covenant of Lessor, except to the extent of Lessor's interest in the Premises and only so long as such interest shall continue, and thereafter this covenant shall be binding only upon such subsequent owners and successors in interest, to the extent of their respective interests, as and when they shall acquire the same, and only so long as they shall retain such interest.

Section 21.2 Surrender of Premises. Except as otherwise provided in this Lease, MAIT shall, upon the expiration or termination of this Lease for any reason whatsoever, surrender the Premises to Lessor in good order, condition and repair, except for reasonable wear and tear. MAIT shall surrender to Lessor all the Premises to Lessor upon expiration of the Term without notice of any kind, and MAIT hereby waives all right to any such notice as may be provided under any present or future law.

Section 21.3 Holdover. If MAIT continues to occupy the Premises with the written consent of Lessor after the last day of the Term, MAIT shall be a tenant from month to month, at Base Rent twice the rate in effect prior to the end of the Term and such tenancy shall otherwise be subject to all of the covenants and agreements of this Lease. In the event that Lessor does not so consent to MAIT's continued possession after the expiration of the Term of this Lease, or if no new agreement shall have been entered into by the parties hereto, MAIT shall pay Lessor all damages sustained by reason of MAIT's retention of possession after such expiration.

Section 21.4 MAIT's Right to Terminate Lease as to All or Part of Premises. From time to time during the Term, MAIT shall have the right to terminate this Lease as to, and surrender possession of, all or a portion of Leased Property and portions of the Premises adjoining such Leased Property as of the end of a calendar quarter. MAIT shall give Lessor written notice of its intention to terminate this Lease as to, and surrender possession of, Leased Property not less than one hundred eighty (180) days prior to the date for termination specified therein and, if appropriate, its wish to remove some or all of the Transmission Facilities located thereon as specified in such notice. If a Leasehold Mortgagee shall exist as of the time of any notice of termination to Lessor pursuant to this Section, such notice of termination shall be accompanied by a written consent thereto signed by the Leasehold Mortgagee and no such notice of termination shall be effective unless accompanied by such written consent. In the event of termination of this Lease as to some, but not all, of the Premises, Base Rent shall not be reduced by the portion thereof that is attributable to the Leased Property as to which such termination relates.

Section 21.5 Surrender or Removal of Transmission Facilities. Upon expiration of the Term or termination of this Lease, in its entirety or with respect to but not all Leased Property, or termination of this Lease pursuant to Article 21 hereof, MAIT shall surrender to Lessor all Transmission Facilities then on, under or over Leased Property and title thereto shall vest in Lessor unless Lessor shall have notified MAIT in writing prior to the expiration of the Term or the effective date of such termination that some or all of the Transmission Facilities are to be removed therefrom. If Lessor notifies MAIT that some or all of the Transmission Facilities are to be removed from Leased Property, MAIT shall undertake removal thereof with reasonable diligence thereafter and shall cause the surface of Leased Property affected thereby to be restored. MAIT shall coordinate removal activities with Lessor and Authorized Users as and to the extent necessary to protect or relocate Distribution Facilities or other uses of Transmission Facilities then being made of Transmission Facilities by Lessor and/or Authorized Users. MAIT shall continue to have access to Leased Property after such expiration or termination for such purpose and shall not be deemed to be continuing to occupy Leased Property pursuant to Section 21.3. Until completion of such removal, Section 6.1, Section 12.2, Article 14, and Article 15 shall continue in effect notwithstanding expiration or termination of this Lease. In the event title to some or all of the Transmission Facilities vests in Lessor pursuant to this Section 21.5, MAIT shall execute and deliver to Lessor from time to time such bills of sale or other conveyance as Lessor may reasonably request for the purpose of confirming Lessor's ownership thereof

## ARTICLE 22.

### Assignment Subletting

Section 22.1 Prohibition Against Assignment of Lease Without Lessor's Approval. Except as specifically provided otherwise in this Lease, neither this Lease nor the leasehold estate created hereby shall be sold or assigned without the prior written approval of Lessor which Lessor may withhold for any reason or no reason. No sale or assignment of this Lease shall be effective until there has been delivered to Lessor an undertaking, signed by such proposed purchaser or assignee, in which such purchaser or assignee assumes the due performance of all obligations on MAIT's part to be performed under this Lease. Upon such assumption, MAIT shall have no further liability under this Lease except as to liabilities, which arose prior to the sale or assignment. In the event MAIT has been notified by Lessor of an Event of Default which has not been cured as of the time of a proposed sale or assignment the undertaking to be signed by the proposed purchaser or assignee shall include a specific commitment to cure any such Event of Default in timely fashion

Section 22.2 Prohibition Against Subleasing. MAIT shall not sublet all or any part of the Premises to any third party without the prior written approval of Lessor, which Lessor may withhold, for any reason or no reason.

Section 22.3 Permitted Assignments by MAIT. Notwithstanding Section 22.1, this Lease may be assigned without Lessor's prior written approval to any electric transmission company with which MAIT is merged or consolidated or which is a purchaser of substantially all of the Transmission Facilities or to any Leasehold Mortgagee or the nominee of a Leasehold Mortgagee or purchaser or assignee of the leasehold estate pursuant to Article 24 hereof.



Section 22.4 Assumption by Assignee. Each assignee of this Lease shall promptly execute and deliver to Lessor a written assumption of MAIT's obligations under this Lease in such form as Lessor may require.

## ARTICLE 23.

### Fee Mortgage Indenture

[Reserved].

## ARTICLE 24.

### Mortgaging of Leasehold Interest

Section 24.1 Leasehold Mortgages. MAIT, without Lessor's consent, shall have the unrestricted right to mortgage the leasehold estate created by this Lease pursuant to a leasehold mortgage or mortgages, at any time and from time to time, on any terms MAIT may deem desirable. If more than one such mortgage shall at the time be in effect, each such mortgage, at the time in effect, is herein called a "Leasehold Mortgage." No holder of a Leasehold Mortgage shall have the rights or benefits set forth in this Article 24, nor shall the provisions of this Article be binding upon Lessor unless and until holder of a Leasehold Mortgage shall have notified Lessor in writing that it is a holder of such Leasehold Mortgage and of the name and address to which all notices and other communications hereunder to it may be addressed; and such a holder of a Leasehold Mortgage, having given such notice, is herein called "Leasehold Mortgagee."

Section 24.2 Notices to Leasehold Mortgagees. Any notice which the holder of a Leasehold Mortgage shall desire or be required to give to Lessor shall be in writing and shall be deemed to have been given (a) upon receipt when the same is delivered in person or by courier or (b) as of the third business day after the same has been deposited with the United States Postal Service, postage prepaid for certified or registered mail, at the address set forth in Section 26.1 hereof or at such other addresses as shall be designated by Lessor in a written notice thereof to the Leasehold Mortgagee. Any notice which Lessor shall desire or be required to give to a Leasehold Mortgagee shall be in writing and shall be deemed to have been given (i) upon receipt when the same is delivered in person or by courier or (ii) as of the third business day after the same has been deposited with the United States Postal Service, postage prepaid for certified or registered mail, addressed to such Leasehold Mortgagee at the address set forth in the Leasehold Mortgage or in such last recorded assignment thereof or at such other address as shall have been designated by such Leasehold Mortgagee in a written notice thereof to Lessor.

Section 24.3 No Lease Cancellation, Surrender or Material Modification without Leasehold Mortgagee Consent. Lessor and MAIT shall not agree between themselves to any cancellation, surrender or material modification of this Lease without the prior written consent of each Leasehold Mortgagee.

Section 24.4 Notices of Default to Leasehold Mortgagee. Lessor shall give to each Leasehold Mortgagee a copy of any Notice of Default or notice of Lessor's intention to terminate this Lease given by Lessor to MAIT hereunder not later than ten (10) days after giving any such notice to MAIT.

Section 24.5 Payment or Performance by Leasehold Mortgagee. At any time when any Leasehold Mortgage shall remain unsatisfied of record, any Leasehold Mortgagee may make any payment or perform any act required hereunder to be made or performed by MAIT and Lessor shall accept such payment and performance. No entry by a Leasehold Mortgagee upon the Premises for such purpose shall constitute or be deemed to be an eviction of MAIT or release MAIT from any obligation or default hereunder (except in the case of any obligation or default which shall have been fully performed or corrected by such payment or performance by a Leasehold Mortgagee).

Section 24.6 Leasehold Mortgagee Notices to Lessor of Intention to Cure Event of Default. For purposes of this Article, no Event of Default shall be deemed to exist under Article 19 in respect of performance or observance of any requirement of this Lease on the part of MAIT to be performed or observed if a Leasehold Mortgagee shall have notified Lessor in writing of its intention to cure such default and commenced the curing of such default within the time permitted therefor and shall thereafter have proceeded in good faith with reasonable diligence to complete the curing of such default and the time within which such default must be cured shall be extended for such period as may be necessary to complete the same with due diligence.

Section 24.7 Leasehold Mortgagee Opportunities to Cure Events of Default. Anything herein contained to the contrary notwithstanding, upon the occurrence of an Event of Default (inclusive of the occurrence of any of the events specified in paragraph (c) or (d) of Section 19.1 hereof), other than an event of default due to a default in the payment of money, Lessor shall take no action to effect a termination of this Lease without first giving to each Leasehold Mortgagee written notice thereof and a reasonable time thereafter within which notify Lessor in writing of its intention, and thereafter diligently proceeding, either (i) to obtain possession of the Premises (including possession by a receiver) or (ii) to institute, prosecute and complete foreclosure proceedings or otherwise acquire MAIT's interest under this Lease. Upon obtaining possession or acquiring MAIT's interest under this Lease, a Leasehold Mortgagee shall be required promptly to cure all defaults then reasonably susceptible of being cured by such Leasehold Mortgagee. Notwithstanding the foregoing, (i) such Leasehold Mortgagee shall not be obligated to continue such possession or to continue such foreclosure proceedings after the Events of Default shall have been cured; (ii) nothing herein contained shall preclude Lessor, subject to the provisions of this Article, from exercising any rights or remedies under this Lease with respect to any other default by MAIT during the pendency of such foreclosure proceedings; (iii) if such Leasehold Mortgagee shall be a party other than a bank, insurance company or other entity having a net worth exceeding \$30,000,000 at the time the Leasehold Mortgage is granted or a group of such banks, insurance companies or other entities (a "Lending Institution"), such Leasehold Mortgagee shall deposit with

Lessor during the period of forbearance by Lessor from taking action to effect a termination of this Lease such security as shall be reasonably satisfactory to Lessor to assure Lessor of compliance by such Leasehold Mortgagee during the period of such forbearance with such of the terms, conditions and covenants of this Lease as are reasonably susceptible of being complied by such Leasehold Mortgagee and (iv) such Leasehold Mortgagee, if a Lending Institution, shall agree with Lessor in writing to comply during the period of such forbearance with such of the terms, conditions and covenants of this Lease as are reasonably susceptible of being complied with by such Leasehold Mortgagee. Any Event of Default by MAIT not reasonably susceptible of being cured by such Leasehold Mortgagee shall be deemed to have been waived by Lessor upon completion of such foreclosure proceedings or upon such acquisition of MAIT's interest in this Lease, except that any of such Events of Default which are reasonably susceptible of being cured after such completion and acquisition shall then be cured with reasonable diligence by such Leasehold Mortgagee or its designee or other purchaser, as the case may be. Such Leasehold Mortgagee or its designee, or other purchaser in foreclosure proceedings, may become the legal owner and holder of this Lease through such foreclosure proceedings or by assignment of this Lease in lieu of foreclosure.

Section 24.8 Leasehold Mortgagee Right to New Lease. In the event of the termination of this Lease prior to the expiration of the Term, Lessor shall serve upon each Leasehold Mortgagee written notice that the Lease has been terminated together with a statement of any and all such sums which would at the time be due under this Lease but for such termination, and all other Events of Default, if any, under this Lease then known to Lessor. Any Leasehold Mortgagee shall thereupon have the option to obtain a new lease in accordance and upon the following terms and conditions:

Upon the written request of the Leasehold Mortgagee, within sixty (60) days after service of such notice that the Lease has been terminated, Lessor shall enter into a new lease with respect to the Premises with such Leasehold Mortgagee as follows:

Such new lease shall be entered into at the reasonable cost of the lessee thereunder, shall be effective as of the date of termination of this Lease and shall be for the remainder of the Term of this Lease and at the Base Rent and upon all the agreements, terms, covenants and conditions hereof, including any options to extend the Term. Such new lease shall require the lessee to perform any unfulfilled obligation of MAIT under this Lease, which is reasonably susceptible of being performed, by such lessee. Upon the execution of such new lease, the lessee named therein shall pay any and all sums which would at the time of the execution thereof be due under this Lease but for such termination, and shall pay all expenses, including reasonable counsel fees, court costs and disbursements incurred by Lessor in connection with such Events of Default and termination, the recovery of possession of the Leased Property and the preparation, execution and delivery of such new lease.

Section 24.9 Extension of Term Pursuant to New Lease. If the Term is not extended pursuant to Section 2.2 hereof, or for any other reason whatsoever, MAIT shall not become entitled

to extend the Term of this Lease, Lessor shall serve upon each Leasehold Mortgagee written notice thereof and any such Leasehold Mortgagee shall have the option upon written request served upon Lessor to obtain from Lessor a new lease of the Premises for such renewal term in accordance with and upon the following terms and conditions:

Such written request shall be served upon Lessor not later than sixty (60) days after the service of the aforementioned notice by Lessor on such Leasehold Mortgagee, and within thirty (30) days after the service of such written request, lessor and the Leasehold Mortgagee, or its designee, shall enter into a new lease with respect to the Premises as follows:

Such new lease shall be entered into at the reasonable cost and expense of the lessee thereunder, shall be effective as of the date of termination of the then current Term of this Lease, and shall be for the Extended Term next succeeding the then current term of this Lease, and at the Base Rent and upon all the agreements, terms, covenants and conditions hereof, including any further options to extend the Term. Such new lease shall require the lessee to perform any unfulfilled obligation of MAIT under this Lease, which is reasonably susceptible of being performed, by such lessee. Upon execution of such new lease, the lessee therein named shall pay any and all sums remaining unpaid under the Lease then expiring, then unpaid, plus the reasonable expenses incurred by Lessor in connection with the preparation, execution and delivery of such new lease.

Section 24.10 Benefited Leasehold Mortgagees. Anything herein contained to the contrary notwithstanding, the provisions of this Article shall inure only to the benefit of Leasehold Mortgagees under Leasehold Mortgages which shall be, respectively, a first, second and third lien against the leasehold estate hereunder. If Leasehold Mortgagees of more than one such Leasehold Mortgage shall make written requests upon Lessor for a new lease in accordance with this Section, the new lease shall be entered into pursuant to the request of the holder whose Leasehold Mortgage shall be of the highest priority and thereupon the written requests for a new lease of each holder of a Leasehold Mortgage junior in lien shall be and be deemed to be void and of no force or effect.

Section 24.11 Possession Pursuant to New Lease. Nothing herein contained shall be deemed to obligate Lessor to deliver possession of the Premises to the lessee under any new lease entered into pursuant to this Article.

Section 24.12 Assignment by Leasehold Mortgagee. If any Leasehold Mortgagee shall acquire title to MAIT's interest in this Lease, by foreclosure of a Leasehold Mortgage thereon or by assignment in lieu of foreclosure or by assignment from a designee or subsidiary of such Leasehold Mortgagee, or under a new lease pursuant to this Article, such Leasehold Mortgagee may assign such lease and shall thereupon be released from all liability for the performance or observance of the covenants and conditions in such lease contained on the part of MAIT or such lessee, as the case may be, to be performed and observed from and after the date of such assignment, provided that the assignee from such Leasehold Mortgagee shall have assumed such lease in accordance with Section 22.4 hereof and shall have complied otherwise with said Section.

ARTICLE 25.

Estoppel Certificates

Lessor and MAIT agree at any time and from time to time, upon not less than ten (10) days' prior written request by MAIT, Lessor, the Trustee or a Leasehold Mortgagee, to execute, acknowledge and deliver to the party requesting the same a statement in writing certifying that this Lease is unmodified and is in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications), the Base Rent currently payable, and the dates to which the Base Rent and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this Article may be relied upon by any prospective purchaser or mortgagee of the Premises of MAIT's interest in this Lease. Such certificate by MAIT shall contain a statement that there are no Defaults by Lessor under this Lease, or, if there be any, a reasonably detailed specification of all such Defaults and such other matters as may be reasonably requested. Such certificate by Lessor shall contain a statement that it has knowledge of no Defaults by MAIT under this Lease, or, if there be any of which it has knowledge, a reasonably detailed specification of all such Defaults and such other matters as may be reasonably requested.

ARTICLE 26.

Miscellaneous

Section 26.1 Notices. Any and all notices upon receipt when required or permitted under this Lease shall be in writing and shall be deemed sufficiently given (a) upon receipt when the same is delivered in person or by courier or (b) as of the third business day after the same has been deposited with the United States Postal Service, postage prepaid for certified or registered mail, addressed as follows:

To Lessor:

Pennsylvania Electric Company  
76 South Main Street  
Akron, Ohio 44308  
Attention: President and General Counsel

To MAIT:

Mid-Atlantic Interstate Transmission, LLC  
76 South Main Street  
Akron, Ohio 44308  
Attention: President and General Counsel

or to such other address or addresses as either Lessor or MAIT by notice to the other may designate from time to time in the manner herein provided.

Section 26.2 Dispute Resolution. In the event of any dispute, controversy, or claim arising out of, under, or relating to this Ground Lease, Lessor and MAIT shall first attempt to resolve such dispute through good faith negotiations between representatives who will have the

authority to settle the dispute. Lessor and/or MAIT shall give the other party written notice of any dispute not resolved in the ordinary course of business. Within ten (10) calendar days after delivery of any such notice, the aforementioned representatives will meet at a mutually acceptable time and place to attempt to resolve the dispute. If such designated representatives are unable to resolve a dispute within thirty (30) calendar days after receipt of notice of the dispute, then upon request of either Lessor or MAIT such dispute will be referred to a senior officer designated by each party for resolution. Each such senior officer shall be an individual who has authority to resolve the dispute on behalf of Lessor or MAIT. Any dispute not resolved within sixty (60) calendar days following receipt of the request for submission to senior officers may, by mutual determination of Lessor and MAIT, be addressed and resolved through an alternative dispute resolution method to be agreed upon by Lessor and MAIT in good faith at such time, such as, but not limited to, binding arbitration or mediation; provided, however, neither Lessor nor MAIT shall be obligated to agree to any alternative resolution method to address the unresolved dispute. Nothing in this section shall in any way limit or preclude Lessor or MAIT from pursuing any rights or remedies or obtaining any relief to which it may be entitled at law or equity.

Section 26.3 Invalidity of Particular Provisions. If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and may be enforced to the fullest extent permitted by law.

Section 26.4 Successors and Assigns. The terms, conditions, covenants, provisions and agreements herein contained shall be binding upon and inure to the benefit of Lessor, its successors and assigns, and MAIT, its successors and assigns.

Section 26.5 Amendments: Modifications. This Lease may be modified only by written agreement signed by Lessor and MAIT with the same formalities attendant as upon the execution of this Lease, it being the express intention of the parties hereto that no provision, term or condition of this Lease may be amended or varied in any way by an oral understanding or by any document not executed in accordance with this Section 26.5.

Section 26.6 Memoranda of Lease. Upon request by either Lessor or MAIT, the parties hereto shall execute, for recording purposes, memoranda of this Lease in conformity with the law and practice of the state in which the Premises are located, and the same shall be placed of record at MAIT's expense. If requested by Lessor, MAIT shall, upon termination of this Lease as to some or all Leased Property as provided herein, execute and deliver to Lessor an appropriate release, in form proper for recording, of MAIT's interest therein.

Section 26.7 Governing Law. This Lease shall be governed by and interpreted in accordance with the laws of the state in which the Premises are located.

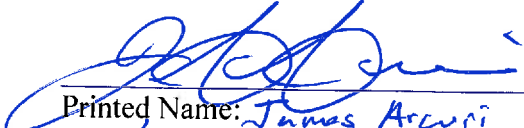
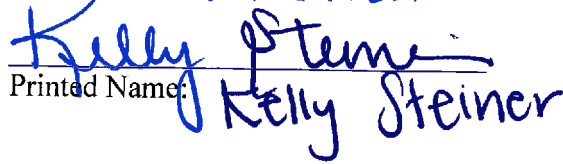
Section 26.8 Entire Agreement. Except as set forth in an Operating Agreement of even date herewith that Lessor and MAIT expect will terminate before expiration of the Initial Term and except as provided in any amendment of this Lease hereafter entered into by Lessor and MAIT,

this Lease sets forth the entire agreement and understanding between Lessor and MAIT to the subject matter hereof.

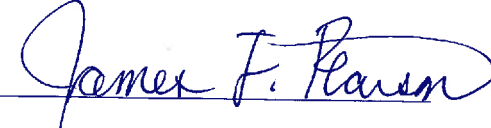
Section 26.9 Further Assurances. Subject to the terms and conditions of this Lease, each of the parties hereto, including without limitation subsidiaries and affiliates of the parties, will use their best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to consummate the transactions contemplated by this Lease and to fully effect the intent of this Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Ground Lease to be duly executed as of the day and year first above written,

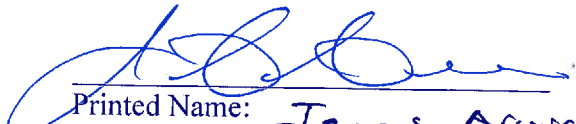

(Witnesses as to Lessor)

  
Printed Name: James Arcuri  
  
Printed Name: Kelly Steiner


PENNSYLVANIA ELECTRIC COMPANY

By   
James F. Pearson  
Executive Vice President and Chief Financial Officer

(Witnesses as to MAIT)

  
Printed Name: James Arcuri  
  
Printed Name: Stephanie Bencin

MID-ATLANTIC INTERSTATE  
TRANSMISSION, LLC

By   
Steven R. Staub  
Vice President and Treasurer



## EXHIBIT A

### **Leased Property**

General Description: This exhibit identifies the property that Lessor has agreed to lease to MAIT as of January 31, 2017, in return for quarterly installments of Base Rent and subject to the rights, terms and conditions of this Ground Lease:

- (1) Tracts or parcels owned by the Lessor (fee lands), together with portions of the buildings, structures and fixtures thereon to the extent used for transmission, but not distribution, of electricity on the date of this Lease.
- (2) Easements granted to Lessor on, under or over which Transmission Facilities are situated on the date of this Lease.
- (3) Leased lands, servitudes, interests in land, permits, privileges, licenses, consents, franchises and authorizations granted to or held by Lessor on, under or over which Transmission Facilities are situated on the date of this Lease and not identified as being either fee land or an easement.

## SCHEDULE A

**“Base Rent”** = (Net Book Value of Premises - ADITs) \* Pre-Tax WACC + Book Depreciation Expense + Property Taxes + All other costs, expenses, liabilities or charges that may be incurred by Lessor pursuant to any lease agreement, license agreement, consent agreement or other similar agreement relating to the Premises

For purposes of this definition:

**“ADIT”** means Accumulated Deferred Income Taxes associated with the Premises.

$$\text{“Pre-Tax WACC”} = \frac{\text{WACC}}{(1 - \text{Statutory Tax Rate})}$$

$$\begin{aligned} \text{“Weighted Average Cost of Capital (“WACC”)} = & \\ ((\text{Debt Ratio} * \text{MAIT’s Effective Cost of Outstanding Long-Term Debt}) * (1 - \text{Statutory Tax Rate})) & \\ + & \\ (\text{Equity Ratio} * \text{MAIT’s Authorized Rate of Return on Equity}) & \end{aligned}$$