

Offering Memorandum

Dated Date: August 11, 2006

This Offering Memorandum supplements our Annual Disclosure Statement. Both are filed as public records with the Central Repositories named in the Annual Disclosure Statement and are posted on the Internet at our website, www.dart.org. This Offering Memorandum replaces our Offering Memorandum, dated March 28, 2006, relating to the Notes (as defined below).

This Offering Memorandum relates to the following securities:

You should carefully consider the investment considerations contained herein under the caption "INVESTMENT CONSIDERATIONS" and in the accompanying Annual Disclosure Statement under the caption "INVESTMENT CONSIDERATIONS."

Dallas Area Rapid Transit Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes, Series 2001

The Notes

We issue from time to time Dallas Area Rapid Transit Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes, Series 2001 (the "Notes") as described herein. The Notes may be issued in any amount up to \$650 million outstanding, except that at no time may the aggregate principal amount of the Notes, plus the aggregate principal amount of any loans made to us under the Revolving Credit Agreement described below, exceed the "Aggregate Principal Commitment" of the Lenders under the Revolving Credit Agreement, currently \$600 million. The Notes are issued in minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess of \$100,000.

Security for Notes—Lien Ranking

The Notes are Senior Subordinate Lien Obligations under the provisions of the Master Debt Resolution that our Board adopted on January 23, 2001. The Notes are payable from and are secured by a pledge of and lien on the Gross Sales Tax Revenues that we receive from the levy and collection of a 1% sales and use tax (the "Sales Tax") on taxable items sold within our boundaries. The lien securing the Notes is subordinate to Senior Lien Obligations, but is senior to Junior Subordinate Lien Obligations, that we may issue or execute from time to time under the Master Debt Resolution. See, "THE COMMERCIAL PAPER NOTES—Uses of Proceeds of Notes and Loans Under Revolving Credit Agreement," and the Annual Disclosure Statement, "OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS—Security for the Obligations—Flow of Funds."

Issuance and Reissuance of the Notes—The Revolving Credit Agreement

The Notes are issued as "Interim Obligations" under the Master Debt Resolution and are periodically sold, retired, and reissued in installments having short term maturities of no more than 270 days. Prior to each maturity, we expect to sell additional Notes in the public markets to provide the funds needed to pay the principal due on the maturing Notes. We intend to pay the interest on the Notes from the Senior Subordinate Lien Debt Service Fund, but we reserve the right to pay the interest from the proceeds of future installment issues of Notes, or from Loans described below.

We have entered into a Revolving Credit Agreement relating to the Notes with four Lenders: (1) WestLB AG (formerly known as Westdeutsche Landesbank Girozentrale), acting through its New York Branch; (2) Bayerische Landesbank (formerly known as Bayerische Landesbank Girozentrale), acting through its New York Branch; (3) State Street Bank and Trust Company, and (4) Landesbank Baden-Württemberg, acting through its New York Branch. Under the Revolving Credit Agreement, the Lenders have agreed, subject to certain conditions, to provide a revolving line of credit to provide Loans to us in the amounts required to pay principal and interest due on the Notes on their maturity dates if we cannot market and remarket new Notes for that purpose. Each Lender is severally but not jointly liable for a portion of the Aggregate Commitment.

The Revolving Credit Agreement expires on November 30, 2015 (subject to the rights of each Lender, in its sole and absolute discretion, to terminate the Revolving Credit Agreement early as described herein under "THE REVOLVING CREDIT AGREEMENT—General"), unless it is extended for additional periods at our request and with the agreement of the Lenders. We will not issue Notes unless the Revolving Credit Agreement is in full force and effect.

The Revolving Credit Agreement may be terminated upon the occurrence of any of the "Automatic Commitment Termination Events" referenced in this Offering Memorandum. If the Revolving Credit Agreement is terminated because an Automatic Commitment Termination Event has occurred, the Lenders are not required to provide funds to pay the principal of and interest on the Notes and we will not be able to issue Notes unless we obtain a substitute credit facility.

This Offering Memorandum may be used to offer and sell the Notes only if it is accompanied by our Annual Disclosure Statement described herein.

Bear, Stearns & Co. Inc.

Ramirez & Co., Inc.
Co-Dealers

Loop Capital Markets, LLC

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IMPORTANT NOTICES

We are providing information to you about the Notes in two separate documents that provide progressively more detail: (1) the accompanying Annual Disclosure Statement, which provides general information (some of which may not apply to the Notes), and (2) this Offering Memorandum, which describes the specific terms of the Notes.

Our Annual Disclosure Statement includes a detailed discussion of the Sales Tax and the Gross Sales Tax Revenues that we have pledged as security for the Notes and other Obligations that we may issue or execute in the future, of our rights to issue additional Bond Obligations and related Credit Agreements, of the financial tests that are imposed as preconditions to their issuance, and of other matters relating to our organization and our public transportation system. We refer you to specific captions within the Annual Disclosure Statement where additional information may be found regarding specific subjects. You will find those subjects listed in the Table of Contents to the Annual Disclosure Statement.

Our most recently audited financial statements are included in the Independent Auditors' Report that is attached to the Annual Disclosure Statement as Appendix A.

When we issue Notes, you should rely only on the information contained or incorporated by reference in this Offering Memorandum and the Annual Disclosure Statement. We have not authorized anyone to provide you with other information. If information varies between this Offering Memorandum and the Annual Disclosure Statement, you should rely on the information in this Offering Memorandum.

We will not offer the Notes in any state where their offer is not permitted. We do not claim that the information contained in the Annual Disclosure Statement and in this Offering Memorandum is accurate as of any date other than the Dated Date stated on their cover page.

The Dealers may use this Offering Memorandum and the Annual Disclosure Statement in connection with the sale of Notes from time to time. For that reason, this document may be amended from time to time to update certain information.

The summaries of the First Supplemental Debt Resolution, as amended on October 25, 2005 (as amended, the "First Supplemental Debt Resolution"), and the Revolving Credit Agreement, as amended by amendments dated as of January 25, 2002, January 21, 2005 and July 11, 2006 (as amended, the "Revolving Credit Agreement"), contained in the Appendices hereto are not intended to be comprehensive and are qualified in their entirety by reference to the entire documents. You may obtain a copy of the Master Debt Resolution, the First Supplemental Debt Resolution, and the Revolving Credit Agreement on the Internet at our website, www.dart.org, or by contacting our Chief Financial Officer at the following address and phone number to request a free copy: Chief Financial Officer, DART, 1401 Pacific Avenue, Dallas, Texas 75202, (214) 749-3148.

In this Offering Memorandum, "we," "our," "us," and "DART" refer to Dallas Area Rapid Transit. If we use a capitalized term in this Offering Memorandum and do not define the term in this document, its definition is given or summarized in Appendix A to this Offering Memorandum and/or in Appendix B to the Annual Disclosure Statement.

FORWARD LOOKING STATEMENTS

We make "forward looking statements" in this document by using forward looking words such as "may," "will," "should," "intends," "expects," "believes," "anticipates," "estimates," or others. You are cautioned that forward looking statements are subject to a variety of uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include general economic and business conditions, conditions in the financial markets, our financial condition, receipt of federal grants, and various other factors which may be beyond our control. Because we cannot predict all factors that may affect future decisions, actions, events, or financial circumstances, what actually happens may be different from what we include in forward looking statements.

GENERAL INFORMATION ABOUT DART

Summary

DART is a subregional transportation authority of the State of Texas. We were created and confirmed by passage of a referendum on August 13, 1983, pursuant to Article 1118y of Vernon's Annotated Civil Statutes, as amended and recodified into the Act. Our current boundaries include the territory lying within the corporate limits of the following Participating Municipalities: the Cities of Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Irving, Plano, Richardson, Rowlett and University Park and the Towns of Addison and Highland Park. We are governed by a 15 member Subregional Board of Directors.

Our headquarters are located in Dallas, Texas, and our boundaries include approximately 700 square miles and a population of approximately 2.2 million persons as of the January 2000 census.

The Participating Municipalities have certain limited rights to withdraw from DART, subject to the continuing collection of the Sales Tax within the withdrawing municipality until its share of all obligations of DART are collected and paid to DART. See, the Annual Disclosure Statement, "INFORMATION ABOUT DART—DART's Boundaries, Additions, Withdrawal Rights."

Sources of Revenue

We have levied the Sales Tax within our boundaries. For additional information regarding the Sales Tax, farebox revenues, and other sources of revenue and funds, see the Annual Disclosure Statement, "DART'S FINANCIAL PRACTICES AND RESOURCES—Principal Source of Revenue—The Sales Tax."

Application of Voted Debt Limit

The principal amount of the Notes, having maximum maturities that are not longer than 5 years, will not be applied as a reduction of the amount of our Voted Debt Limit. Accordingly, after issuing the Notes, we will continue to have the right to issue Bond Obligations as Senior Lien Obligations, as Subordinate Lien Obligations, and/or as Junior Subordinate Lien Obligations having maturities longer than 5 years, so long as the aggregate amount of such Bond Obligations does not exceed \$2.9 billion. See, Annual Disclosure Statement, "OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS." However, the replacement of the Notes with the proceeds of long-term Bond Obligations will be applied as a reduction of our Voted Debt Limit. See, "THE COMMERCIAL PAPER NOTES—Periodic Refunding of Outstanding Notes With Senior Lien Obligations."

Previously Issued Debt

Since 1995, we have issued debt securities periodically to construct and equip our light rail system. For information about our currently outstanding debt, including Senior Lien Obligations issued to refund installments of Notes, see the Annual Disclosure Statement, "OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS."

THE COMMERCIAL PAPER NOTES

The following description of the Notes is a summary only and is not intended to be comprehensive. The description should be read together with the description of the terms and provisions of the First Supplemental Debt Resolution set forth in Appendix A hereto, "SUMMARY OF CERTAIN TERMS OF THE FIRST SUPPLEMENTAL DEBT RESOLUTION," and with the description of the terms and provisions of the Master Debt Resolution provided in Appendix B to the Annual Disclosure Statement, "SUMMARY OF CERTAIN TERMS OF THE MASTER DEBT RESOLUTION."

General Description

The Notes are the Senior Subordinate Lien Obligations that are specifically authorized by Section 3.3(a) of the Master Debt Resolution. That Section authorizes us to issue the Notes pursuant to the First Supplemental Debt

Resolution in any aggregate principal amount up to \$650 million outstanding and without meeting any financial tests as preconditions to their issuance, provided that:

- The principal amount of Notes that may be Outstanding from time to time, plus
- The unpaid principal amount of any Loans and Term Loans that are outstanding under the Revolving Credit Agreement, excluding any portion of such principal that is borrowed for the purpose of paying interest on any Notes or prior Loans under the Revolving Credit Agreement (other than Term Loans),

does not exceed the Aggregate Principal Commitment under the Revolving Credit Agreement, currently \$600 million.

The Notes are secured by a lien on and a pledge of the Gross Sales Tax Revenues (with investments, if any, the “Pledged Revenues”) that we receive from the levy and collection of the Sales Tax. This lien is subordinate to the lien on Pledged Revenues that is created in the Master Debt Resolution in favor of Senior Lien Obligations, but is senior to the lien in favor of Junior Subordinate Lien Obligations. For additional information regarding the Sales Tax and Gross Sales Tax Revenues, see the Annual Disclosure Statement, “OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS—Security for the Obligations—Flow of Funds.”

Installment Issues

The Notes are sold, retired, and reissued periodically in installments. See, “TAX MATTERS—Types of Notes Permitted.” The Notes mature on a Business Day fixed by one of our Authorized Officers, but not more than 270 days after their issuance and never later than June 30, 2010.

Prior to each maturity of Notes, we expect to sell additional Notes in the public markets to provide the funds needed to pay the principal amount due on the maturing Notes. If we are unable to sell additional Notes in an amount that is sufficient to pay the amounts due on the Notes, we intend borrow such amount under the Revolving Credit Agreement.

The Notes may be issued in any aggregate amount up to \$650 million outstanding, except that at no time may the aggregate principal amount of the outstanding Notes, plus the aggregate principal amount of any Loans made to us under the Revolving Credit Agreement, exclusive of any portion of such principal that is borrowed for the purpose of paying interest on any Notes or prior Loans, exceed the Aggregate Principal Commitment under the Revolving Credit Agreement, currently \$600 million.

The First Supplemental Debt Resolution provides that we cannot issue Notes unless the Revolving Credit Agreement is in full force and effect and is available to provide Loans to us in amounts sufficient to pay the principal of and the interest on the issued Notes at maturity.

The Notes will be issued in minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess of \$100,000.

Payments of Interest on Notes, Interest Rate

Unless we instruct the Issuing and Paying Agent that other available funds will be used for the purpose, the Trustee will deposit Gross Sales Tax Revenues to the Senior Subordinate Lien Debt Service Fund, as such revenues are received from the Comptroller, in amounts equal to the Accrued Aggregate Interest on the Outstanding Notes during each Debt Service Accrual Period and to transfer funds to the Issuing and Paying Agent on the maturity dates of Outstanding Notes sufficient in amount to pay the interest on the Outstanding Notes on their respective maturity dates. See, Annual Disclosure Statement, “OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS—Security for the Obligations—Flow of Funds.”

If amounts on deposit in the Senior Subordinate Lien Debt Service Fund are not sufficient for such purpose, we intend to pay such interest from the proceeds of subsequent installment issues of Notes, from Loans under the Revolving Credit Agreement, or from our unencumbered funds.

We will pay interest on each installment issue of the Notes at the market rate. We may also issue taxable Notes without interest at a discount fixed by the Dealers at the time of issuance and approved by one of our Authorized Officers. The annual net effective rate of interest cannot exceed 12% per annum.

Interest on the Notes will be calculated on the basis of the actual number of days elapsed and a 365 day year.

The Issuing and Paying Agent

Deutsche Bank Trust Company Americas is the Issuing and Paying Agent for the Notes. The Issuing and Paying Agent will authenticate Notes in the principal amounts, with the Note Dates, Stated Maturity Dates, and rates of interest or discount, and for the purchase prices specified by an Authorized Officer. The Issuing and Paying Agent may not authenticate Notes unless an Authorized Officer certifies that the Revolving Credit Agreement remains in full force and effect and, according to the terms of the Revolving Credit Agreement, is available to provide Loans to us in amounts sufficient to pay the principal of and the interest on the Notes being issued on their Stated Maturity Date.

The Notes will be available for countersignature and issuance and will be payable at the offices of the Issuing and Paying Agent. An investor is required to pay the purchase price for the Notes to be purchased in immediately available funds, and the amount payable by us at maturity will be paid in same day funds. Notes must be presented to the Issuing and Paying Agent by 12:00 noon, New York time, to ensure same day payment.

The Notes are not subject to redemption prior to their stated maturity.

Uses of Proceeds of Notes and Loans Under Revolving Credit Agreement

The First Supplemental Debt Resolution creates various accounts within the Issuing and Paying Agent Fund to be held by the Issuing and Paying Agent. The proceeds of each installment issue of Notes, and the proceeds of any Loans made by the Lenders under the Revolving Credit Agreement, as discussed below, are deposited to special accounts within the Issuing and Paying Agent Fund and used for the purposes set forth in the First Supplemental Debt Resolution. See Appendix A, "SUMMARY OF CERTAIN TERMS OF THE FIRST SUPPLEMENTAL DEBT RESOLUTION—Issuance, Sale, Uses of Proceeds, and Payment of Notes (*Article IV*).

In general, the proceeds of Notes are used to:

- Refinance, renew, replace, or refund Notes that have been previously issued, including the interest thereon if sufficient money is not available for that purpose in the Senior Subordinate Lien Debt Service Fund, see, "Payments of Interest on Notes, Interest Rate," above;
- Repay the Loans, including any Term Loans, payable to the Lenders in the amounts and to the extent required by the terms of the Revolving Credit Agreement;
- Pay the costs of Reissuance of the Notes, including all applicable Administrative Expenses; and
- Provide additional funds for our System Expansion and Acquisition Fund.

Any Loans made to us by the Lenders under the Revolving Credit Agreement will be used solely to pay the principal of and the interest on Notes at their maturity that are not otherwise paid from the proceeds of installment issues of Notes or from other funds that are available for such purpose. See, "THE REVOLVING CREDIT AGREEMENT—Our Rights and Obligations Under Revolving Credit Agreement."

Money deposited to the Note Proceeds Account and to the other accounts within the Issuing and Paying Agent Fund is the first source of payment for the principal amount of the Notes at their maturity, and the Issuing and Paying Agent will not request the Trustee to make deposits to the Senior Subordinate Lien Debt Service Fund for the purpose of paying the principal amounts due on the Notes, at their maturity so long as money is provided to the Issuing and Paying Agent for that purpose from the proceeds of future installment issues of Notes, and/or from Loans made to us by the Lenders under the Revolving Credit Agreement, and/or from our unencumbered funds.

If, for any cause or reason, (1) money is not available in the Issuing and Paying Agent Fund from the proceeds of future installment issues of Notes, from the proceeds of Loans made to us by the Lenders under the Revolving Credit Agreement, or from money deposited to the Senior Subordinate Lien Debt Service Fund in amounts needed to pay in full all amounts due on the Notes as they mature, and (2) we do not otherwise make such payments from unencumbered funds, and/or (3) payment is not otherwise made from the proceeds of a substitute credit facility or a timely refinancing of the amounts due, an Event of Default will occur under the Master Debt Resolution. In such an event, the Issuing and Paying Agent will notify the Trustee of such fact, after which the Trustee is required to make deposits, from the next available Gross Sales Tax Revenues that are received from the Comptroller, to the Senior Subordinate Lien Debt Service Fund in accordance with the default provisions of the Master Debt Resolution. See, Appendix B to the Annual Disclosure Statement, “SUMMARY OF CERTAIN TERMS OF THE MASTER DEBT RESOLUTION—Defaults and Remedies—Remedies for Default.” Such deposits will be required to the extent funds are available in the full amount of the Debt Service and Administrative Expenses that are due, owing, and unpaid on the matured Notes and will be delivered, when available, to the Issuing and Paying Agent for payment first to the payment of Administrative Expenses related to the Senior Subordinate Lien Obligations, including the Notes, and then to the payment of the matured and unpaid Notes. Until the matured and unpaid Notes are paid in full, all further deposits to the Junior Subordinate Lien Debt Service Fund and all further distributions of Gross Sales Tax Revenues to us will be suspended until the default is cured and the matured and unpaid Notes are paid in full.

Periodic Refunding of Outstanding Notes with Senior Lien Obligations

We may periodically pay or refund the Notes with Bond Obligations issued (1) as long-term Obligations or Interim Obligations and/or as Obligations bearing variable rates of interest, and (2) as Senior Lien Obligations, Senior Subordinate Lien Obligations and/or Junior Subordinate Lien Obligations. In issuing these Obligations, we must meet the applicable financial tests and limitations specified in the Master Debt Resolution, in Supplemental Resolutions, and in Credit Agreements. See, the Annual Disclosure Statement, “OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS—Preconditions to Issuance of Bond Obligations—Financial Coverage Tests.”

THE REVOLVING CREDIT AGREEMENT

The following description of the Revolving Credit Agreement is only a summary of certain provisions of the Revolving Credit Agreement and is not intended to be comprehensive or complete. The description should be read together with the description of the terms and provisions of the Revolving Credit Agreement set forth in “SUMMARY OF CERTAIN TERMS OF THE REVOLVING CREDIT AGREEMENT” in Appendix B to this Offering Memorandum.

General

We have entered into a Revolving Credit Agreement relating to the Notes with four Lenders: (1) WestLB AG (formerly known as Westdeutsche Landesbank Girozentrale), acting through its New York Branch; (2) Bayerische Landesbank (formerly known as Bayerische Landesbank Girozentrale), acting through its New York Branch; (3) State Street Bank and Trust Company; and (4) Landesbank Baden-Württemberg, acting through its New York Branch.

Under the Revolving Credit Agreement, the Lenders have agreed to provide to us during the Revolving Credit Period a revolving line of credit in an amount not to exceed an Aggregate Principal Commitment, currently \$600 million, plus interest on such amount for ninety days at 12% per annum, to provide, subject to certain conditions, funds to pay principal and interest due on the Notes on their respective maturity dates if we cannot market and remarket new Notes for that purpose.

Each individual Lender is liable for only a portion of the Aggregate Commitment. Liability for the current Aggregate Commitment is apportioned as follows:

- WestLB AG, acting through its New York Branch, is severally but not jointly liable for approximately 27.1% of the current Aggregate Commitment (\$162.5 million, plus \$4,808,220 in interest);
- Bayerische Landesbank, acting through its New York Branch, is severally but not jointly liable for approximately 27.1% of the current Aggregate Commitment (\$162.5 million, plus \$4,808,220 in interest);
- State Street Bank and Trust Company is severally but not jointly liable for approximately 31.2% of the current Aggregate Commitment (\$187.5 million, plus \$5,547,946 interest); and
- Landesbank Baden-Württemberg, acting through its New York Branch, is severally but not jointly liable for approximately 14.6% of the current Aggregate Commitment (\$87.5 million, plus \$2,589,041 interest).

The Revolving Credit Period expires on November 30, 2015, unless it is extended at our request and the extensions are approved by the Lenders, and subject to the right of each Lender, in its sole and absolute discretion, to cause the Revolving Credit Period to terminate on the sixth and ninth anniversaries of January 21, 2005. See Appendix B, “SUMMARY OF CERTAIN TERMS OF THE REVOLVING CREDIT AGREEMENT—Revolving Credit; Term Loans (Article II) - Early Termination by BayernLB/LBBW/WLB; State Street Non-Renewal.”

Our Rights and Obligations Under Revolving Credit Agreement

If we are unable to market or remarket Notes in amounts sufficient to retire and pay maturing Notes, the Lenders, unless an “Automatic Commitment Termination Event” (as discussed below) has occurred, are obligated during the Revolving Credit Period to provide us with Loans to pay maturing Notes in full. The proceeds of the Loans will be deposited to a special account within the Issuing and Paying Agent Fund created in the First Supplemental Debt Resolution and will be used solely for the purpose of paying the principal of and the interest on Notes at their maturity. See, “THE COMMERCIAL PAPER NOTES—Uses of Proceeds of Notes and Loans Under Revolving Credit Agreement.”

We are obligated to repay the principal on the Loans (with interest payable monthly) on or prior to the date on which the Lenders’ obligation to advance Loans under the Revolving Credit Agreement expires or terminates, as provided in the Revolving Credit Agreement. We may repay the Loans from the proceeds of subsequent installment issues of Notes, or, alternatively, we have the right to convert the Loans to Term Loans, payable by us over a 3 year period plus interest, subject to satisfaction of certain conditions in the Revolving Credit Agreement.

Our obligations to repay the Loans, including the Term Loans, are Senior Subordinate Lien Obligations under the Master Debt Resolution and are secured by a pledge of and lien on Pledged Revenues on a parity as to liens and rights with the Notes.

Automatic Commitment Termination Events

The Revolving Credit Agreement automatically terminates upon the occurrence of any of the “Automatic Commitment Termination Events.” If the Revolving Credit Agreement is terminated because an Automatic Commitment Termination Event has occurred, the Lenders are not required to provide funds to us to pay the principal of and interest on the Notes even though the Revolving Credit Agreement was in effect on the date of issuance of the Notes.

In general, Automatic Commitment Termination Events occur if we default in our obligations to make payments on any Obligations, if a court, governmental authority or other agency having jurisdiction determines officially that we are not liable to pay amounts due under the Revolving Credit Agreement or due with respect to any Senior Lien

Obligation or Senior Subordinate Lien Obligation, if we become insolvent, or if certain of our credit ratings are downgraded by national rating agencies. For a full description of the Automatic Commitment Termination Events, see Appendix B, “SUMMARY OF CERTAIN TERMS OF THE REVOLVING CREDIT AGREEMENT—Defaults, Remedies (*Article VI*).”

Revolving Credit Agreement Limitations on Our Issuance of Additional Obligations

The Master Debt Resolution establishes certain financial tests that we must meet before we can issue Senior Lien Obligations and Subordinate Lien Obligations in the future, and authorizes Supplemental Resolutions and Credit Agreements to include additional financial tests that must be met before we may issue new Bond Obligations.

The Revolving Credit Agreement imposes additional restrictions on our ability to issue Additional Obligations. For a summary description of those restrictions, see, Appendix B, “SUMMARY OF CERTAIN TERMS OF THE REVOLVING CREDIT AGREEMENT—Covenants (*Article V*),” and the Annual Disclosure Statement, “OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS—Preconditions to Issuance of Bond Obligations—Financial Coverage Tests.”

THE LENDERS

The information in this section has been provided by the Lenders and is presented as of the latest date provided to us. We take no responsibility for the currency or accuracy thereof.

WestLB AG

WestLB AG is a joint stock company. Pursuant to a special law of the Federal State of North Rhine-Westphalia (the “Restructuring Act”), which became effective on August 1, 2002, Westdeutsche Landesbank Girozentrale’s (“WestLB”) public legal form was changed into a joint stock company under German law (Article 1, Section 8 of the Restructuring Act).

The following table shows the ownership structure of WestLB AG as of the date hereof:

NRW.BANK	31.585%
Savings Banks and Giro Association of Westphalia-Lippe	25.312%
Savings Bank and Giro Association of the Rhineland	25.312%
Federal State of Northrhine-Westphalia	17.081%
Regional Association of Rhineland	0.354%
Regional Association of Westphalia-Lippe	0.354%

In keeping with the agreement reached between the German government and the European Commission on July 17, 2001, Article § 11 of the Restructuring Act stipulates that the former public-law liability mechanisms of institutional liability and guarantor liability will no longer apply to new liabilities and commitments that WestLB AG enters into after a transitional period that ended July 18, 2005.

The grandfathering rules for guarantor liability on liabilities and commitments agreed to prior to July 19, 2005 are as follows:

- All liabilities incurred on or before July 18, 2001 are fully covered by guarantor liability until the time they mature.
- Guarantor liability will remain in effect in its present form for all liabilities incurred from, and including, July 19, 2001 to, and including, July 18, 2005 so long as the liabilities mature on or before December 31, 2015; if they mature after the deadline, guarantor liability will not apply.

The guarantors of WestLB will completely satisfy the obligations arising from their guarantor liability with respect to WestLB AG, as soon as they have properly determined and set forth in writing at the time a liability matures that the creditor of such liability cannot be satisfied from WestLB AG's assets. This explicitly includes the possibility of servicing debts precisely at the same time they fall due. The giving of a notice as normally required under aid law is not necessary.

The rating agencies have responded to these changes by distinguishing between (i) guaranteed obligations of WestLB AG that meet the stipulation provided in the Restructuring Act and (ii) un-guaranteed obligations that are entered into by WestLB AG starting July 19, 2005 by assigning the following ratings effective July 19, 2005:

Agency	Guaranteed Long-Term Rating	Guaranteed Short-Term Rating	Un-Guaranteed Long-Term Rating	Un-Guaranteed Short-Term Rating
Moody's	Aa2	P-1	A1	P1
S&P	AA-	A-1+	A	A-2

As of March 31, 2006, the WestLB AG Group had total assets of approximately EUR 294.2 billion.

-The New York Branch

The New York Branch of WestLB AG ("WestLB AG New York") is licensed and subject to supervision and regulation by the Superintendent of Banks of the State of New York. WestLB AG New York is examined by the New York State Banking Department and is subject to banking laws and regulations applicable to a foreign bank that operates a New York branch. In addition, WestLB AG and WestLB AG New York are subject to the International Banking Act of 1978 (the "IBA") and WestLB AG is subject to federal regulation under the IBA and the Bank Holding Company Act of 1956.

For financial reports and other information about WestLB AG, please contact WestLB AG, Investors Relations, Herzogstrasse 15, D- 40217 Duesseldorf.

Bayerische Landesbank

Bayerische Landesbank (the "Bank") is indirectly owned, through a holding company, by the Free State of Bavaria ("Bavaria"), a state of the Federal Republic of Germany ("Germany"), and by the Association of Bavarian Savings Banks (Sparkassenverband Bayern). The Bank was established by statute in 1972 as the state bank of Bavaria and as the central institution for Bavarian municipalities and local public authorities and the Savings Banks. It also supports the Bavarian savings banks organized under public law (Bayerische Sparkassen, the "Savings Banks") in the fulfillment of their public mandates.

The Bank provides its commercial and investment banking services to domestic and international customers, including other banks, governments, corporations, other organizations and individuals. As part of its public duties, the Bank also finances public and private development projects, administers public funds for federal and state subsidized credit programs and performs certain treasury functions for Bavaria.

To fund its business activities, the Bank raises money in the capital and money markets, borrows from banks and other lenders and uses its retained earnings and reserves. In 2004, the Bank raised € 53.5 billion through the issuance of bonds and notes and through debt certificate borrowings.

The following table shows the Bank's unconsolidated total assets and equity capital at December 31 of each of the years indicated and net income for each of the years indicated:

	<u>2004</u>	At December 31, <u>2003</u> (in millions of €)	<u>2002</u>
Total assets	285,583	272,772	299,705
Equity capital ⁽¹⁾	15,631	16,088	16,961
Net Income	63	63	100

⁽¹⁾ Including subordinated debt and non-subordinated accrued interest expense thereon.

Until July 18, 2005, Bavaria and the Association of Bavarian Savings Banks (the “Guarantors”) are liable without restriction for all the obligations of the Bank, including the Debt Securities, as guarantors (*Gewährträgerhaftung*) (the “Guaranty Obligation”) pursuant to the Law on Bayerische Landesbank (*Gesetz über die Bayerische Landesbank*), adopted by the Bavarian Parliament, and effective as of February 1, 2003 (the “Landesbank Act”); liabilities created after July 18, 2001, however, only continue to be covered by the Guaranty Obligation under the condition that they are created on or before July 18, 2005 and mature no later than December 31, 2015. The Guaranty Obligation gives creditors a direct claim against Bavaria and the Association of Bavarian Savings Banks only if the claims of the creditors have not been satisfied out of the assets of the Bank.

In addition to being liable under the Guaranty Obligation, Bavaria, having established the Bank, is responsible until July 18, 2005 to the Bank for the performance of the Bank’s obligations pursuant to a general principle of German administrative law referred to as *Anstaltslast* (the “Maintenance Obligation”). This legal liability requires Bavaria to keep the Bank in a position to perform its functions and to enable it, in the event of financial difficulties, through the allocation of funds or in some other appropriate manner, to perform its obligations when due. The Maintenance Obligation does not constitute a formal guarantee of the Bank’s obligations by Bavaria nor does it give creditors of the Bank a direct claim against Bavaria.

Since October 1, 1981, the Bank’s New York branch (the “Branch”) has been licensed by the Comptroller of the Currency (the “Comptroller”) pursuant to the International Banking Act of 1978, as amended. The Branch conducts an extensive banking business providing services to subsidiaries of large German corporations in North America and to United States and international companies. As of December 31, 2004, the assets of the Branch, together with the Bank’s Grand Cayman branch and the New York International Banking Facility, amounted to approximately U.S.\$ 29.4 billion.

Copies of the Bank’s Annual Report for the most recent available fiscal year may be obtained at the New York Branch in person during normal business hours or by mail by writing to the New York Branch at: Bayerische Landesbank, 560 Lexington Avenue, New York, New York 10022, telephone: (212) 310-9800, Attention: Corporate Finance.

The Bank has supplied the information relating to it in the previous paragraphs. The Bank does not accept responsibility for any information contained herein other than the information contained in this section relating to the Bank.

State Street Bank and Trust Company

State Street Bank and Trust Company (the “Bank”) is a wholly-owned subsidiary of State Street Corporation (the “Corporation”). The Corporation (NYSE: STT) is a leading specialist in providing institutional investors with investment servicing, investment management and investment research and trading. With \$10.1 trillion in assets under custody and \$1.4 trillion in assets under management, the Corporation operates in 26 countries and more than 100 markets worldwide. The assets of the Bank at December 31, 2005 accounted for approximately 90% of the consolidated assets of the Corporation. At December 31, 2005, the Corporation had total assets of \$98 billion, total deposits (including deposits in foreign offices) of \$59.6 billion, total loans and lease finance assets net of unearned

income, allowance and reserve for possible credit losses of approximately \$6.5 billion and total equity capital of \$6.4 billion.

The Bank's Consolidated Reports of Condition for Insured Commercial and State Chartered Savings Banks FFIEC 031 for December 31, 2005, as submitted to the Federal Reserve Bank of Boston, are incorporated by reference in this section and shall be deemed to be a part hereof.

In addition, all reports filed by the Bank pursuant to 12 U.S.C. §324 after the date of this Offering Memorandum shall be deemed to be incorporated herein by reference and shall be deemed to be a part hereof from the date of filing of any such report.

Additional information, including financial information relating to the Corporation and the Bank is set forth in the Corporation's Annual Report or Form 10-K for the year ended December 31, 2005. The annual report can be found on the Corporation's web site, www.statestreet.com. Such report and all reports filed by the Corporation pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this Offering Memorandum are incorporated herein by reference and shall be deemed a part hereof from the date of filing of any such report. The Revolving Credit Agreement is an obligation of the Bank and not of the Corporation.

Any statement contained in any document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Offering Memorandum to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

The Bank hereby undertakes to provide, without charge to each person to whom a copy of this Offering Memorandum has been delivered, on the written request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Offering Memorandum by reference, other than exhibits to such documents. Written requests for such copies should be directed to Investor Relations, State Street Corporation, One Lincoln Street, Boston, Massachusetts 02111, telephone number 617-786-3000.

Neither the Bank nor its affiliates make any representation as to the contents of this Offering Memorandum (except as to this section to the extent it relates to the Bank), the suitability of the Notes for any investor, the feasibility or performance of any project or compliance with any securities or tax laws or regulations.

Landesbank Baden-Württemberg (LBBW)

LBBW is a public law institution (*rechtsfähige Anstalt des öffentlichen Rechts*) owned and controlled jointly by the State of Baden-Württemberg, the Savings Bank Association of Baden-Württemberg (the Association of Baden-Württemberg), the City of Stuttgart, the Savings Bank and Clearing Association of Rhineland-Palatinate (SGV-RP), and Landeskreditbank Baden-Württemberg (L-Bank). Baden-Württemberg holds 35.611% of LBBW's nominal capital, the Association of Baden-Württemberg holds 35.611%, Stuttgart holds 18.932%, the SGV RP holds 4.923% and L-Bank holds 4.923%. With a balance sheet total of approximately €404.9 billion at December 31, 2005, the LBBW Group is among the ten largest German banks and among the 50 largest credit institutions in the world.

The LBBW Act (*Gesetz über die Landesbank Baden-Württemberg*; the "LBBW Act") authorizes LBBW to engage in all types of banking and financial service activities as well as in all other activities that are useful to LBBW, including issuing mortgage Pfandbriefe (*Hypothekendarlehen*), public sector Pfandbriefe (*Öffentliche Pfandbriefe or Kommunalobligationen*), and other debt obligations. In addition, LBBW is the central bank for the savings banks (*Sparkassen*) in the State of Baden-Württemberg. Furthermore, LBBW and its 100 per cent subsidiary Landesbank Rheinland-Pfalz act together as the central bank for the savings banks in Rheinland-Pfalz. In this regard, LBBW conducts its activities with due consideration of the interests of these savings banks. Furthermore, LBBW also performs the activities of a savings bank through its brand "BW-Bank" in the territory of Stuttgart.

As a German "universal bank," LBBW provides a comprehensive range of commercial banking and investment banking services to businesses, other banking institutions, governmental entities, counties, municipalities, other

organizations and individuals. LBBW makes loans, extends guaranties, underwrites securities, deals and trades in debt and equity securities and makes equity investments. LBBW underwrites, trades in, and acts as paying agent and fiscal agent with respect to debt securities issued by the State of Baden-Württemberg.

-Liability for the Obligations of LBBW

General

Pursuant to the Landesbank Baden-Württemberg Act (the “LBBW Act”), the State of Baden-Württemberg, the Savings Bank Association of Baden-Württemberg (which is in turn fully backed by the Savings Banks and the municipalities and counties in Baden-Württemberg that have established such Savings Banks), the City of Stuttgart, the Savings Banks and Clearing Association of Rhineland-Palatinate, and Landeskreditbank Baden-Württemberg guaranty all obligations of LBBW under the principle of Guaranty Obligation (*Gewährträgerhaftung*) incurred on or before July 18, 2005. In early 2002, the European Commission and the German Government reached an understanding on the key principles with respect to the future of the Guaranty Obligation and the Maintenance Obligation (*Anstaltslast*). On October 16, 2002 the parliament of the State of Baden-Württemberg enacted the LBBW Amendment Act (the “LBBW Amendment Act”) to implement this understanding. The LBBW Amendment Act provided for, among other things, the following:

- Obligations incurred by LBBW on or before July 18, 2001 will continue to be covered by *Gewährträgerhaftung* until they mature and by *Anstaltslast* until July 18, 2005.
- Obligations incurred by LBBW after July 18, 2001 that mature on or before July 18, 2005 will be covered by *Anstaltslast* and *Gewährträgerhaftung* until maturity.
- Obligations incurred by LBBW after July 18, 2001 and on or before July 18, 2005 that mature after July 18, 2005 but on or before December 31, 2015 will be covered by *Gewährträgerhaftung* until maturity and by *Anstaltslast* until July 18, 2005.

Obligations of LBBW incurred after July 18, 2005 are no longer backed by the Guaranty Obligation or Maintenance Obligation.

-Guaranty Obligation

The principle of Guaranty Obligation is based on express statutory provisions, which in the case of LBBW are included in the LBBW Act. In accordance with these provisions, the establishing and owning entities (each a “statutory guarantor”) of public law credit institutions such as LBBW are without restriction jointly and severally liable to the creditors of such public law credit institutions for all liabilities of such credit institutions, provided, however, that creditors may assert their claims against the statutory guarantor, in the case of LBBW, only if and to the extent they have not been satisfied by LBBW. There is no requirement that a judgment against the institution be obtained before a claim against the statutory guarantor is made. The Guaranty Obligation is unlimited in amount, not subject to any defenses, and covers any and all obligations of the institution arising out of the conduct of its business.

-Insolvency of LBBW

Furthermore, according to the LBBW Amendment Act, LBBW became capable of being subject to insolvency proceedings after July 18, 2005.

-Landesbank Baden-Württemberg, New York Branch

The New York Branch of LBBW was licensed by the Banking Department of New York State in December 1998, and amended its license in April 1999 to reflect the merger that created LBBW. The Branch is not required to be and is not a member of the Federal Deposit Insurance Corporation (the “FDIC”). The Branch is engaged in numerous business activities such as extending credit and providing banking services to the middle market clientele of Baden-Württemberg and their North American subsidiaries, as well as to international corporations. The Branch is also involved in the financing of commercial real estate in select U.S. cities and in public finance with U.S.

municipal entities. The Branch also engages in capital markets and asset management activities, which include the management of an investment portfolio consisting entirely of investment-grade notes, including floating- and fixed-rate asset-backed securities, collateralized obligations, and senior debt medium-term notes issued by higher quality banks, finance companies, and other corporate issuers. The Branch funds itself with corporate, bank and government entity deposits, and the issuance of certificates of deposit, medium-term notes and other obligations. The Branch is active in both the inter-bank and corporate markets.

BOOK-ENTRY SYSTEM

The information in this section has been provided by the Depository Trust Company. We take no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”), New York, NY, acts as securities depository for the Notes. The Notes are issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate has been and will be issued for each maturity of the Notes, each in the aggregate principal amount of such issue and has been deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (the “Beneficial Owner”) is in turn recorded on the Direct and Indirect Participants’ records. Beneficial Owners do not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners do not receive certificates representing their ownership interests in the Notes, except in the event that use of the Book-Entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners are governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to DART and the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or Issuing and Paying Agent on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners shall be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Issuing and Paying Agent, DART or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DART, the Board or the Issuing and Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of the DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to DART, the Board or the Issuing and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be delivered as described in the First Supplemental Debt Resolution.

DART and the Board may decide to discontinue use of the system of Book-Entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be delivered as described in the First Supplemental Debt Resolution.

The information in this section concerning DTC and DTC's Book-Entry system has been obtained from sources that DART believes to be reliable, but DART and the Board take no responsibility for the accuracy thereof.

INVESTMENT CONSIDERATIONS

The following information, which you should carefully consider, identifies certain investment considerations associated with the purchase of Notes. You should also carefully consider the information set forth under "INVESTMENT CONSIDERATIONS" in the Annual Disclosure Statement.

The lien on Pledged Revenues that secures the Notes is subordinate to the lien securing Senior Lien Obligations.

The Master Debt Resolution authorizes us to issue Senior Lien Obligations ranking prior to the Notes as to Pledged Revenues. Under the Master Debt Resolution, we were authorized to issue \$500 million principal amount of Initial Senior Lien Obligations without meeting the financial tests or limitations imposed by the Master Debt Resolution, but subject to meeting the financial tests imposed by the Revolving Credit Agreement. Our Senior Lien Sales Tax Revenue Bonds, Series 2001 and our Senior Lien Sales Tax Revenue Bonds, Series 2002 represent all of the Initial Senior Lien Obligations we were authorized to issue. See the Annual Disclosure Statement, "OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS."

The Master Debt Resolution permits us to issue Additional Senior Lien Obligations only if we can satisfy the financial tests and limitations contained in the Master Debt Resolution, in Supplemental Resolutions, and in Credit

Agreements, including the Revolving Credit Agreement, and the Obligations are within our \$2.9 billion Voted Tax and Debt Limits. The subordination of the Notes to Senior Lien Obligations increases the likelihood that Holders of Senior Lien Obligations will regularly receive the full amount of scheduled payments of principal and interest due them, and it protects the Holders of Senior Lien Obligations against potential losses. Under the Master Debt Resolution, if our Gross Sales Tax Revenues are not sufficient to pay the principal of and/or interest on both the Senior Lien Obligations and on the Notes, we will use such revenues first to pay the Holders of Senior Lien Obligations. See in the Annual Disclosure Statement, “OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS—Security for the Obligations—Flow of Funds.”

The occurrence of an Automatic Commitment Termination Event under the Revolving Credit Agreement terminates the Lenders’ obligations to make Loans to us if needed to pay Notes even if the Notes are already outstanding and were sold when the Revolving Credit Agreement was in effect.

Upon the occurrence of an Automatic Commitment Termination Event, the Commitments of the Lenders under the Revolving Credit Agreement will cease. The Lenders will not have any further obligation to make any Loans to fund any Notes, and the Revolving Credit Agreement will not secure or provide funds for the payment of outstanding Notes. See, “THE REVOLVING CREDIT AGREEMENT—Automatic Commitment Termination Events.”

The failure by the Lenders to make Loans, if needed to pay Notes at their maturity, could result in a delay in payment, or non payment, of the Notes at maturity.

Deposits of Gross Sales Tax Revenues to the Senior Subordinate Lien Debt Service Fund are made and accumulated as such revenues are received from the Comptroller. While Notes are outstanding and the Revolving Credit Agreement is in effect, the principal of the Notes is payable first from the proceeds of the sale of additional installments of Notes and from Loans made to us by the Lenders. Such proceeds and Loans are deposited to the Issuing and Paying Agent Fund and are used to pay the principal of the Notes. While that procedure is in effect, deposits to the Senior Lien Debt Service Fund on account of the principal of the Notes are not required. If (1) we cannot market additional installments of Notes, and if the Lenders fail, for any reason, to make the Loans to us, and (2) we do not otherwise make payment from unencumbered funds, and/or (3) we have not arranged for a substitute credit facility or a timely refinancing of the amounts due, an Event of Default will occur under the Master Debt Resolution. In this circumstance, payment of the Notes, including the Initial Notes, will be delayed until the Trustee accumulates in the Senior Lien Debt Service Fund, from future distributions of Gross Sales Tax Revenues from the Comptroller, amounts of Gross Sales Tax Revenues that are sufficient to make full payment of the matured and unpaid Notes. Such accumulation must be made in accordance with the lien priorities established in the Master Debt Resolution. See, “THE COMMERCIAL PAPER NOTES—Uses of Proceeds of Notes and Loans Under Revolving Credit Agreement.”

Book-Entry registration of Notes may limit liquidity and transferability, and may delay distributions.

Securities issued in Book-Entry form may have only limited liquidity in the resale market, since investors may be unwilling to purchase securities for which they cannot obtain physical instruments. Transactions in Book-Entry securities can be effected only through The Depository Trust Company, its participating organizations, its indirect participants, and some banks. Therefore, your ability to transfer or pledge securities issued in Book-Entry form may be limited. You may also experience some delay in the receipt of distributions on Book-Entry securities since the distributions will be forwarded by the Issuing and Paying Agent for the Notes to The Depository Trust Company for it to credit the accounts of its participants. In turn, these participants will then credit the distributions to your account either directly or indirectly through indirect participants.

Ratings of the Notes do not assure their payment.

The Notes are currently rated by nationally recognized rating agencies, as shown below. A rating reflects the rating agency’s assessment of how likely it is that holders of a class of securities will receive the payments to which they are entitled. A rating may not remain in effect for any given period of time, and a rating agency may lower or withdraw a rating entirely. A rating is not a recommendation to purchase, hold, or sell securities because it does not address the market price of the securities or the suitability of the securities for any particular investor.

RATINGS OF NOTES

Moody's Investors Service	P-1 (short-term rating of Notes) P-1 (short-term issuer rating based on DART liquidity)
Standard & Poor's Ratings Services	A-1+ (short term rating of Notes) AA (senior implied debt rating)
Fitch	F1+ (short term rating of Notes) AA (senior implied debt rating)

An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations. We make no representation as to the appropriateness of the ratings. We can provide no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by any or all rating companies, if in the judgment of any or all companies, circumstances so warrant. Any downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of such the Notes.

CONTINUING DISCLOSURE AND ACCESS TO INFORMATION

The Notes are exempt from the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. However, we intend to replace the Annual Disclosure Statement annually, to update it quarterly, and to prepare a Supplemental Disclosure Statement or Offering Memorandum in connection with each issue of Obligations. These disclosure documents, including this Offering Memorandum, and the Master Debt Resolution, the First Supplemental Debt Resolution, and the Revolving Credit Agreement will be filed with the Central Repositories identified in the Annual Disclosure Statement. All of these documents will also be posted on the Internet at our website, www.dart.org.

RECENT FINANCIAL DEVELOPMENTS

Sales Tax Repayment

The State Comptroller's Office periodically conducts audits of organizations responsible for the payment of state and local sales taxes. As a result of a recently concluded audit, the Comptroller has determined that we received an overpayment of Sales Taxes of approximately \$13,000,000 over the course of several years and has offered to allow us to enter into a repayment plan to refund the overpayment. We are in the process of determining whether any appeal rights or other remedies are available to us with regard to the Comptroller's overpayment determination and repayment request, and we will decide on a course of action once our options are known. In the event that we are responsible for repaying some or all of the \$13,000,000, we anticipate that any repayment plan will span several years and will not have a material adverse impact on our financial condition.

New Excise Tax on Lease/Leaseback Transactions

We have entered into five economically defeased transactions involving our lease and leaseback of specified, depreciable property to a trustee, acting on behalf of a private investor. Although we retain legal title to the leased property and have the option to purchase the investor's interest on or before the end of the sublease term, three of these five transactions were structured so as to result in a sale of the subject property to the private investor for federal income tax purposes. The rent due for the full term of the leases was prepaid to us. In order to fund the sublease rental payments owed by us over the life of the leases and the purchase option price, we used a portion of the advance rental payments paid to us either (i) to purchase contractual undertakings from financial institutions

pursuant to which the financial institutions assumed or agreed to pay the sublease payments due and owing by us and the purchase option price or (ii) to make deposits with custodians instructed to purchase direct obligations of the United States Government that mature on dates and in amounts sufficient to pay our sublease rental payments and the purchase option price. For a more detailed description of these transactions, please refer to the section of our Annual Disclosure Statement titled "DART'S FINANCIAL PRACTICES AND RESOURCES--Lease/Leaseback Transactions" and to Note 10 of the Independent Auditor's Report attached as Exhibit A to our Annual Disclosure Statement.

After we entered into the above-described transactions, the United States Treasury Department added these types of transactions to its "list" of potentially abusive tax avoidance transactions for purposes of Section 6011 of the Internal Revenue Code of 1986 (the "Code"). We have not undertaken any defeased lease transactions since the time they became "listed transactions."

On May 17, 2006, the President signed into law the Tax Increase Prevention and Reconciliation Act of 2005. Pursuant to such Act, a new Section 4965 was added to the Code. Section 4965 imposes a federal excise tax (the "New Excise Tax") on any state, local government or other tax-exempt organization that is a party to a "listed transaction." The New Excise Tax is imposed in taxable years that end after August 15, 2006. The New Excise Tax applies to "listed transactions" to which a political subdivision is a party even if the transaction was closed prior to the enactment of the New Excise Tax and prior to the time the transaction became a "listed transaction." Consequently, the New Excise Tax applies to all of the defeased leasing transactions we have undertaken.

In general, the amount of the New Excise Tax is determined by applying a 35% tax rate to the greater of (i) the political subdivision's net income for the taxable year in question that is attributable to the transaction and (ii) 75% of the proceeds received by the political subdivision for the taxable year that are attributable to the transaction. As part of the new law, the Treasury Department is instructed to publish guidance regarding the New Excise Tax by August 16, 2006. Due to the complexity of the tax and the fact that the Treasury Department has not yet provided any guidance, we are unable at this time to estimate with any certainty our potential future tax liability; however, our rough preliminary estimates indicate that our future tax liability may range from \$30 to \$40 million dollars, with payments ranging from approximately \$1 million to \$4 million per year for the next 19 years. While significant, we do not believe that payment of these amounts will have a material adverse effect on our financial condition including our ability to maintain and operate our public transportation system and our ability to pay our debt service obligations.

The New Excise Tax affects a large number of transit agencies and other political subdivisions throughout the United States. We are currently coordinating with other transit agencies and our trade association, the American Public Transportation Association ("APTA"), in pursuing possible administrative and/or legislative solutions to minimize or eliminate any adverse impact of the New Excise Tax; however, we can make no predictions or assurances about the likelihood of achieving success in such efforts. In the future, we may also consider pursuing legal challenges with regard to the New Excise Tax.

TAX MATTERS

Types of Notes Permitted

The First Supplemental Debt Resolution authorizes us to issue the Notes either (1) as Senior Subordinate Lien Sales Tax Revenue Tax-Exempt Commercial Paper Notes (Non-AMT), (that is, the interest paid is exempt from federal income taxes and is not subject to the alternative minimum tax under the Code), or (2) as Senior Subordinate Lien Sales Tax Revenue Tax-Exempt Commercial Paper Notes (AMT), (that is, the Notes of that installment issue are "private activity bonds," and the interest is generally exempt from federal income taxes but is subject to the alternative minimum tax under the Code), or (3) as Senior Subordinate Lien Sales Tax Revenue Taxable Commercial Paper Notes (that is, the interest paid, or if sold at a discount, the discount, is subject to federal income taxes under the Code).

In connection with the delivery of the Initial Notes, our Co-Bond Counsel delivered their opinions in the form attached hereto as Appendix C. Such opinions have not been updated since their date of delivery.

APPROVALS AND LEGAL OPINIONS

In connection with the issuance of the Initial Notes, we received an opinion of the Attorney General of Texas approving the issuance of the Notes pursuant to the Master Debt Resolution and the First Supplemental Debt Resolution. In connection with the amendment of the First Supplemental Debt Resolution to extend the Maximum Maturity Date of the Notes, we received an opinion of the Attorney General that such amendment was lawfully adopted and conformed to the requirements of law.

All legal matters incident to the legality and enforceability of the Notes are subject to the approval of Vinson & Elkins L.L.P., Dallas, Texas, and West & Gooden, P.C., Dallas, Texas, our Co-Finance Counsel and Co-Bond Counsel.

Our Co-Bond Counsel have reviewed the information describing the Obligations in the Annual Disclosure Statement and the information describing the Notes and the Revolving Credit Agreement contained in this Offering Memorandum to verify that such information conforms to the provisions of the Master Debt Resolution, the First Supplemental Debt Resolution, and the Revolving Credit Agreement.

Certain legal matters relating to the Revolving Credit Agreement and the Lenders were passed upon by Kutak Rock L.L.P., Atlanta, Georgia, and by the Lenders' foreign counsel in connection with the issuance of the Initial Notes.

This Offering Memorandum, in substantially the form and content presented above, was approved by the Board of Directors of DART on July 11, 2006.

ATTEST:

/s/ Mark C. Enoch
Chairman, Board of Directors

/s/ Angie Chen Button
Secretary, Board of Directors

/s/ Gary C. Thomas
President, Dallas Area Rapid Transit

APPENDIX A

SUMMARY OF CERTAIN TERMS OF THE FIRST SUPPLEMENTAL DEBT RESOLUTION

A Table of Contents and brief descriptions of certain provisions of the First Supplemental Debt Resolution are included in the following pages of this Appendix A. The descriptions are not intended to be comprehensive or complete but are to be used as a guide to the full provisions of the First Supplemental Debt Resolution. The full and complete text of the First Supplemental Debt Resolution may be obtained directly from us without cost at the address given in the text of this document, and it may be viewed on the Internet at our website, www.dart.org. See, "IMPORTANT NOTICES." Specific Article and Section numbers are identified in "italics" throughout this Summary.

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APPENDIX A

SUMMARY OF CERTAIN TERMS OF THE
FIRST SUPPLEMENTAL DEBT RESOLUTION

DEFINITIONS AND OTHER PRELIMINARY MATTERS

{*Article I*}

Definitions {*Section 1.2*}

The following are definitions of certain terms used in this Summary. Capitalized terms used in this Summary that are not defined in this Section have the meanings given to such terms in the Master Debt Resolution or the Revolving Credit Agreement. See Appendix B to Annual Disclosure Statement—“SUMMARY OF CERTAIN TERMS OF THE MASTER DEBT RESOLUTION—Definitions” and Appendix B to this Offering Memorandum—“SUMMARY OF CERTAIN TERMS OF THE REVOLVING CREDIT AGREEMENT—Definitions.”

Business Day - means any day other than (i) a Saturday, Sunday or a day on which banking institutions in the State of Texas, the State of New York, or the state which the Designated Payment/Transfer Office of the Issuing and Paying Agent are authorized or obligated by law or executive order to be closed, (ii) a day on which the New York Stock Exchange is closed, or (iii) a day on which commercial banks are authorized or obligated by law or executive order to be closed in the city or cities in which each Lender’s office designated by each Lender pursuant to the Revolving Credit Agreement is located; and the definition of such term in the Master Debt Resolution shall not apply for purposes of the matters described in the First Supplemental Resolution.

Closing Date - means the date on which the Initial Notes were issued, February 8, 2001.

Current Revolving Credit Agreement Expiration Date - means the Revolving Credit Maturity Date, as initially established in, and as it may be extended from time to time in accordance with the terms and provisions of, the Revolving Credit Agreement.

Dealer Agreements - mean the Dealer Agreements by and between DART and the Dealers, dated as of April 3, 2006, as they may be amended, supplemented or otherwise modified from time to time in accordance with their terms, or any similar agreements with a substitute or successor Dealer or Dealers.

Dealers - mean Bear, Stearns & Co., Inc., Dallas, Texas, and Ramirez & Co., Inc., New York, New York, and Loop Capital Markets, LLC, Dallas, Texas and any other nationally recognized commercial paper dealer or co-dealer selected by DART.

Designated Payment/Transfer Office - means (i) with respect to the Issuing and Paying Agent named herein, its office in Nashville, Tennessee, or such other location as may be designated by the Issuing and Paying Agent by written notice to DART and each Lender, and (ii) with respect to any successor Paying Agent and Registrar, the office of such successor designated and located as may be agreed upon by DART and such successor and specified in a written notice from such Paying Agent and Registrar to the Lenders.

Initial Issuance of Notes - Means the initial issuance, sale and delivery of the Initial Notes.

Issuing and Paying Agent - means Deutsche Bank Trust Company Americas, or any Person acting as its agent, or its successor in interest acting under the Issuing and Paying Agent Agreement.

Issuing and Paying Agent Agreement - means the Commercial Paper Issuing and Paying Agent Agreement between DART and the Issuing and Paying Agent, dated as of April 3, 2006, as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms, or any similar agreement with a substitute or successor issuing and paying agent selected by DART and approved in writing by the Lenders which approval shall not be unreasonably withheld.

Issuing and Paying Agent Fund - means the fund by that name established in and administered pursuant to Sections 5.1 and 5.2 of the First Supplemental Debt Resolution.

Lenders - mean WestLB AG (formerly known as Westdeutsche Landesbank Girozentrale), acting through its New York Branch, as “administrative agent and lender,” Bayerische Landesbank (formerly known as Bayerische Landesbank Girozentrale), acting through its New York Branch, as “lender,” State Street Bank and Trust Company, as “lender,” Landesbank Baden-Württemberg, acting through its New York Branch, as “lender” being the parties that have executed and delivered the Revolving Credit Agreement to and with DART and the Board.

Loan Proceeds Account(s) - means any of the special accounts by that name in the Issuing and Paying Agent Fund created pursuant to Section 5.1 of the First Supplemental Debt Resolution.

Loans - means the monies loaned, and to be loaned, to DART, pursuant to Article II of the Revolving Credit Agreement, other than Term Loans.

Master Debt Resolution - means the Master Debt Resolution adopted prior to or concurrently with the First Supplemental Debt Resolution by the Board.

Maximum Interest Rate - means, (i) with respect to the Notes, the lesser of (A) the maximum “net effective interest rate” allowable under Chapter 1204, Government Code, as amended, currently 15%, or (B) such lesser rate as shall from time to time be fixed by the Board and approved by the Required Lenders, which initially shall be 12%, and (ii) with respect to the Loans, Term Loans and other amounts owed under the Revolving Credit Agreement, the maximum net effective interest rate allowable under Chapter 1204, Government Code, as amended.

Maximum Maturity Date - means the date that is the earlier of (i) one Business Day prior to the Current Revolving Credit Agreement Expiration Date in effect at the time of issuance of an installment of Notes, or (ii) June 30, 2010.

Note Date - means the date of actual issuance of each Note as determined in accordance with Section 3.2 of the First Supplemental Debt Resolution.

Note Proceeds Account(s) - means any of the special accounts by that name in the Issuing and Paying Agent Fund created pursuant to Section 5.1 of the First Supplemental Debt Resolution.

Noteholder - means in each case, any Person who is in possession of any Outstanding Note.

Notes - mean the commercial paper notes, to be issued as Senior Subordinate Lien Obligations under the Master Debt Resolution and authorized by the First Supplemental Debt Resolution and described in Section 3.1 of the First Supplemental Debt Resolution.

Outstanding Resolutions - means the Master Debt Resolution and any Supplemental Resolutions, under and pursuant to which Obligations have been issued and some or all of which remain Outstanding from time to time.

Rebate Fund - means the special fund described in the Master Debt Resolution and established pursuant to Section 5.1 of the First Supplemental Debt Resolution.

Revolving Credit Agreement - means the instrument, dated initially February 1, 2001, in the form approved pursuant to Section 8.1 of the First Supplemental Debt Resolution, as such instrument was amended on January 25, 2002 and January 1, 2005, and all additional amendments, modifications and supplements permitted pursuant to the terms thereof.

Stated Maturity Date - means the date on which all amounts of principal and interest on each respective Note are due and payable, as designated pursuant to Section 3.2(a) of the First Supplemental Debt Resolution, which date shall not in any event be later than the applicable Maximum Maturity Date.

Taxable Note - means any Note, the interest on which is not excludable from gross income for federal income tax purposes.

Tax-exempt Note - means any Note, the interest on which is excludable from gross income for federal income tax purposes.

Tax-exempt Note (AMT) - means any Tax-exempt Note, the interest on which is subject to alternative minimum tax under section 57(a)(5) of the Code.

Tax-exempt Note (Non-AMT) - means any Tax-exempt Note, the interest on which is not subject to alternative minimum tax under section 57(a)(5) of the Code.

Term Loans - means the unpaid principal amount of the Loans that are converted to “term loans” pursuant to Section 2.02(d) of the Revolving Credit Agreement.

Declarations and Additional Rights and Limitations Under Master Debt Resolution {Section 1.5}

The Notes are Bond Obligations that are Senior Subordinate Lien Obligations authorized by Section 3.3(a) of, and are Interim Obligations under, the Master Debt Resolution. The Revolving Credit Agreement constitutes a Credit Agreement related to the Notes; the Lenders are Credit Providers related to the Notes; and the obligations of DART to pay the principal of and the interest on all Loans, Term Loans, and Loan Notes, are Credit Agreement Obligations that are Senior Subordinate Lien Obligations, and, together with related Administrative Expenses, are secured solely by the lien on and pledge of the Pledged Revenues as Senior Subordinate Lien Obligations. DART may, but is not obligated, to pay such Obligations from other legally available funds, including the proceeds of Obligations and amounts held in the General Operating Fund.

The First Supplemental Debt Resolution imposes additional restrictions on the amendment of Outstanding Resolutions and grants to the Credit Providers certain rights with respect to the amendment of Outstanding Resolutions.

PURPOSES, PLEDGE AND SECURITY

{Article II}

Purpose of the First Supplemental Debt Resolution {Section 2.1}

The purposes of the First Supplemental Debt Resolution are to prescribe the specific terms of the Notes, to extend expressly the pledge, lien and security of Master Debt Resolution to and for the benefit of the Holders of the Notes, as Senior Subordinate Lien Obligations, and the Lenders, as Credit Providers holding Credit Agreement Obligations that are Senior Subordinate Lien Obligations, and to authorize the sale and resale of the Notes pursuant to the Dealer Agreements.

Pledge, Security for and Sources of Payment of Notes and Loans {Section 2.2}

The pledge, the security and the filing provisions of Sections 2.3, 2.4, and 2.5, respectively, of the Master Debt Resolution are restated and granted to the Holders of the Notes and the Lenders. The Noteholders have the

right to receive payment of the principal of or the interest on the Notes from money on deposit in the Senior Subordinate Lien Debt Service Fund only to the extent money is not available therefor in the Issuing and Paying Agent Fund, in either case in amounts sufficient to make such payments in accordance with the provisions of Sections 4.2 and 5.2 of the First Supplemental Debt Resolution.

The Lenders have the right to receive payment of the principal of and the interest on the Loans and the Term Loans from money in the Senior Subordinate Lien Debt Service Fund only to the extent (i) money is not available for such purpose in the Issuing and Paying Agent Fund in either case in amounts sufficient to make such payments in accordance with Sections 4.2 and 5.2 of the First Supplemental Debt Resolution.

AUTHORIZATION; GENERAL TERMS AND PROVISIONS RELATING TO THE NOTES

{Article III}

Authorization {Section 3.1}

The Notes, entitled “Dallas Area Rapid Transit Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes, Series 2001,” are authorized to be issued in any aggregate principal amount, provided that the principal amount of the Notes that may be Outstanding under the First Supplemental Debt Resolution plus the unpaid principal amount of any Loans and Term Loans, exclusive of any portion of such principal that is borrowed for the purpose of paying interest on any Notes or prior Loans, shall not exceed the Aggregate Principal Commitment under the Current Revolving Credit Agreement.

The Notes may be issued for the purposes of (i) financing Costs of Acquisition and Construction, including interest and operation and maintenance expenses during construction plus one year thereafter; (ii) prior to the Maximum Maturity Date, refinancing or refunding previously issued Notes; (iii) paying costs of issuance and reissuance of the Notes, including Administrative Expenses; and (iv) repaying Loans to the extent required by the Revolving Credit Agreement.

If DART issues Notes that are not being issued to refinance or refund Outstanding Notes, and the Stated Maturity Date of such Notes occurs during the Debt Service Accrual Period during which the Notes are issued, DART is required to deposit to the Senior Subordinate Lien Debt Service Fund on the date of such issuance an amount sufficient to pay interest on such Notes on their Stated Maturity Date.

Terms, Forms, Registration and Book Entry System; Issuing and Paying Agent {Sections 3.2 through 3.9}

Subject to Sections 3.1 and 3.3 of the First Supplemental Debt Resolution, the Notes may be issued in installments in such principal amounts and maturing on the dates as determined by DART. No Note shall have a Stated Maturity Date (i) that is not a Business Day, or (ii) that is later than the Maximum Maturity Date. Notes shall bear interest (or shall be issued at a discount without interest) at such rate per annum, not to exceed the Maximum Interest Rate, computed on the basis of actual days elapsed and on a 365 day year, as approved by DART. Notes shall be in registered form as provided in the First Supplemental Debt Resolution. The Notes shall be substantially in the forms set forth as parts of Exhibit A to the First Supplemental Debt Resolution. The Issuing and Paying Agent shall keep the Note Register providing for the registration and transfer of the Notes. Notes may be exchanged for other Notes as provided in the First Supplemental Debt Resolution, and may be issued in book entry only form through DTC. DART agrees to maintain an Issuing and Paying Agent at all times while the Notes or any Loans are Outstanding.

Termination of Revolving Credit Agreement {Section 3.10}

No termination by DART of the Revolving Credit Agreement will be effective as to as Outstanding Notes issued prior to the effectiveness of such termination. Any substitute Revolving Credit Agreement will be applicable only to Notes issued after the effective date of such substitution. DART will give the Issuing and Paying Agent at

least 15 days notice of any proposed termination of the Revolving Credit Agreement and, if applicable, the identity of the provider of any substitute Revolving Credit Agreement.

ISSUANCE, SALE, USES OF PROCEEDS, AND PAYMENT OF NOTES

{Article IV}

Issuance and Sale of the Notes {Section 4.1}

At any time after the Closing Date, provided that the Revolving Credit Agreement is in effect and, according to its terms, the Lenders will provide Loans to DART in amounts sufficient to pay the principal of and interest on the Notes being issued on their Stated Maturity Date and the Issuing and Paying Agent shall authenticate and deliver Notes in the applicable form in accordance with instructions of DART. If, on any date on which DART seeks to sell Notes in order to obtain funds for the purpose of paying the principal of and/or the interest on Outstanding Notes, the Dealers are unable to sell the Notes on terms acceptable to DART on the Stated Maturity Date of the Outstanding Notes, DART shall obtain Loans from the Lenders in the required aggregate amount necessary to pay the Notes at maturity, subject to and in accordance with the Revolving Credit Agreement.

Proceeds of Sale of Notes {Section 4.2}

The proceeds from the sale of the Notes (net of all expenses and costs of sale and issuance) shall be deposited to a Note Proceeds Account and shall be applied in the following priority and for the following purposes:

- (a) first, to the payment of the principal of any Outstanding Notes maturing on or before the date of the deposit of such proceeds and, only to the extent the Paying Agent has not received an amount sufficient to pay all interest on Outstanding Notes maturing on or before such date, to the payment of interest on such Outstanding Notes;
- (b) second, to the payment of the principal of any Loans Outstanding on the date of the deposit of such proceeds and, only to the extent the Paying Agent has not received an amount sufficient to pay all interest on Outstanding Loans, to the payment of interest on such Outstanding Loans; and
- (c) third, any amounts remaining in a Note Proceeds Account shall be transferred as follows:
 - (A) the remaining proceeds of each Tax-exempt Note (AMT) shall be transferred and deposited into appropriate accounts within the System Expansion and Acquisition Fund and used in accordance with the provisions of the First Supplemental Debt Resolution and the Master Debt Resolution as directed by DART for any of the purposes specified in Section 3.1(b) of the First Supplemental Debt Resolution that, in the opinion of Bond Counsel, may be paid with the proceeds of Bond Obligations, the interest on which is exempt from federal income taxation under the Code;
 - (B) the remaining proceeds of each additional Tax-exempt Note (Non-AMT) shall be transferred and deposited into appropriate accounts within the System Expansion and Acquisition Fund and used in accordance with the provisions of the First Supplemental Debt Resolution and the Master Debt Resolution as directed by DART for any of the purposes described in Section 3.1(b) of the First Supplemental Debt Resolution that, in the opinion of Bond Counsel, may be paid with the proceeds of Bond Obligations, the interest on which is exempt from federal income taxation under the Code, without causing the Bond Obligations to be “specified private activity bonds,” the interest on which is subject to the “alternative minimum tax” under the provisions of the section 57(a)(5) of the Code;
 - (C) the remaining proceeds of each Taxable Note shall be transferred and deposited into appropriate accounts within the System Expansion and Acquisition Fund and used in accordance with the provisions of the First Supplemental Debt Resolution and the Master Debt Resolution as directed by DART for any of the purposes specified in Section 3.1(b) of the First Supplemental Debt Resolution.

Excess Proceeds in the System Expansion and Acquisition Fund {Section 4.3}

Any proceeds of the Notes remaining in the System Expansion and Acquisition Fund and not necessary for the purposes described in Section 4.2(b)(iii) of the First Supplemental Debt Resolution, shall be paid to the

appropriate account of the Issuing and Paying Agent Fund for the Notes from which the proceeds were derived and used for the payment of such maturities of the Notes coming due at such times as may be selected by DART. In the event no Notes are outstanding, any such proceeds in the System Expansion and Acquisition Fund, first, shall be used to repay any Outstanding Loans or Term Loans, and, second, shall be transferred and deposited into DART's General Operating Fund, unless in the opinion of Bond Counsel such use would adversely affect the tax status of such Notes, in which case, the DART will use such proceeds in another manner permitted by Applicable Law.

CREATION OF SPECIAL FUNDS; APPLICATION OF MONEYS

{Article V}

The First Supplemental Debt Resolution establishes (i) the Issuing and Paying Agent Fund consisting of Note Proceeds Accounts (each designated as "AMT," "Non-AMT," or "Taxable," as appropriate), Loan Proceeds Accounts, Note Payment Account, Loan Payment Account and such other separate accounts as may be required, and (ii) the Rebate Fund. The Issuing and Paying Agent Fund shall be held by the Issuing and Paying Agent and shall be administered pursuant to Section 5.2 of the First Supplemental Debt Resolution and the Issuing and Paying Agent Agreement.

Issuing and Paying Agent Fund. The Issuing and Paying Agent shall deposit: (i) all proceeds from the sale of Notes to a Note Proceeds Account, which amounts shall be applied as provided in Section 4.2(b) of the First Supplemental Debt Resolution; (ii) amounts received from the Trustee pursuant to Section 5.3(a) of the Master Debt Resolution that relate to the payment of principal of or interest on Notes to the Note Payment Account, which amounts shall be used solely for the purpose of paying the principal of and interest on the Notes on their Stated Maturity Date; (iii) amounts received from the Trustee pursuant to Section 5.3(a) of the Master Debt Resolution that relate to the payment of principal of or interest on Loans and Term Loans to the Loan Payment Account, which amounts shall be used solely for the purpose of paying the principal of and interest on Loans and Term Loans; and (iv) from the proceeds of Loans, if any, to a Loan Proceeds Account, which amounts shall be used solely for the purpose of paying the principal of and interest on Notes on their Stated Maturity Dates. If any Loans advanced are not needed to pay the principal of and interest on the Notes on their Stated Maturity Date, such amounts shall be returned to the Administrative Agent.

Rebate Fund. All amounts deposited in the Rebate Fund shall be held by DART in trust for payment to the United States of America, and neither DART, any Holder, nor the Lenders shall have any rights in or claim to such money.

Investment Limitations. Amounts on deposit in the Issuing and Paying Agency Fund and the Rebate Fund shall be invested in Investment Securities as directed by DART, subject to the restrictions imposed by this Article and by Article VI of the First Supplemental Debt Resolution. Amounts on deposit in any Note Proceeds Account, any Loan Proceeds Account, the Note Payment Account and the Loan Payment Account shall be held by the Issuing and Paying Agent uninvested in trust for the exclusive benefit of the Persons entitled to be paid from such accounts separate and apart from all other funds of DART or the Issuing and Paying Agent. Any other amounts on deposit in the Issuing and Paying Agent Fund shall be invested in direct obligations of the United States of America maturing no later than the earlier of the date on which funds so invested are needed for the purposes specified herein and 30 days after the date on which such securities are purchased, or in money market mutual funds regulated by the Securities and Exchange Commission, consisting entirely of direct obligations of the United States of America or repurchases thereof, having a dollar weighted average stated maturity of 90 days or fewer, and an investment objective of maintaining a stable net asset value of \$1 for each share.

SPECIAL COVENANTS RELATING TO THE NOTES

{Article VI}

Tax-exempt Notes to Remain Exempt from Federal Income Tax *{Section 6.1}*

DART covenants and agrees to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of the Code in order to maintain the exclusion from gross income of the interest on the Tax-exempt Notes for federal income tax purposes and to refrain from any action which would adversely affect the status of the Tax-exempt Notes, as described in the First Supplemental Debt Resolution.

THE ISSUING AND PAYING AGENT

{Article VII}

The Issuing and Paying Agent is required to perform such duties as are set forth in the Issuing and Paying Agent Agreement. The Issuing and Paying Agent may resign or be replaced in accordance with and subject to the terms of the First Supplemental Debt Resolution, upon qualification and acceptance by a successor issuing and paying agent.

The Issuing and Paying Agent shall not have any power or be required to take any action during the existence of any event of default under the Master Debt Resolution.

The Issuing and Paying Agent is required to calculate and furnish calculations of Accrued Aggregate Debt Service for the Notes, the Loans and the Term Loans upon request of the Trustee as provided in Section 5.3(c) of the Master Debt Resolution and to deposit any amounts received from the Trustee pursuant to such section as directed in Section 5.2 of the First Supplemental Debt Resolution.

APPENDIX B

SUMMARY OF CERTAIN TERMS OF THE REVOLVING CREDIT AGREEMENT

A Table of Contents and brief descriptions of certain provisions of the Revolving Credit Agreement are included in the following pages of this Appendix B. The descriptions are not intended to be comprehensive or complete but are to be used as a guide to the full provisions of the Revolving Credit Agreement. The full and complete text of the Revolving Credit Agreement may be obtained directly from us without cost at the address given in the text of this document, and it may be viewed on the Internet at our website, www.dart.org. See, "IMPORTANT NOTICES" in the front part of this Offering Memorandum. Specific Article and Section numbers are identified in "italics" throughout this Summary.

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APPENDIX B

SUMMARY OF CERTAIN TERMS OF THE REVOLVING CREDIT AGREEMENT

DEFINITIONS, SPECIAL PROVISIONS

{Article I}

Definitions

Capitalized terms used in this Summary shall have the same meanings applied to such terms in the Master Debt Resolution and the First Supplemental Debt Resolution. In addition, the following terms have the meanings specified below.

Administrative Agent - means WestLB AG (formerly known as Westdeutsche Landesbank Girozentrale), acting through its New York Branch, and any successor in such capacity pursuant to Section 8.09 of the Revolving Credit Agreement.

Aggregate Available Commitment - means the sum of the Available Commitment of all the Lenders.

Aggregate Available Interest Component - means the sum of the Available Interest Component of all the Lenders.

Aggregate Available Principal Component - means the sum of the Available Principal Component of all the Lenders.

Aggregate Commitment - means the sum of the Commitment of all Lenders.

Aggregate Principal Commitment - means the sum of the Principal Component of all Lenders.

Anniversary Date - means both the sixth and ninth anniversary of January 21, 2005.

Automatic Commitment Termination Event - has the meaning assigned in Section 6.02(a) of the Revolving Credit Agreement.

Available Commitment - means, with respect to a Lender, at any date, the sum of such Lender's Available Principal Component and Available Interest Component.

Available Funds - means, for any period, the Pledged Revenues, plus operating revenue, plus interest income during such period, less operating expenses net of debt service and depreciation for such period plus the actual ending cash balance, at the end of each calendar quarter, maintained in the accounts of DART identified in the certificate of DART described in Section 5.13(d) of the Revolving Credit Agreement, to the extent, but only to the extent, the same are free and clear of any lien or encumbrance other than the lien on Pledged Revenues granted pursuant to the Master Debt Resolution, less any reserves maintained in connection with DART's self-insurance program.

Available Interest Component - means, with respect to each Lender, the amount set forth in the Revolving Credit Agreement as each Lender's Interest Component, and, upon each change in a Lender's Available Principal Component, such Lender's Available Interest Component shall mean an amount equal to 90 days interest on such Lender's Available Principal Component then in effect at an assumed rate of 12% per annum computed on the basis of the actual days elapsed and a 365 day year.

Available Principal Component - means, with respect to each Lender, the amount set forth in the Revolving Credit Agreement as each Lender's Principal Component adjusted from time to time as follows:

- (a) upon any reduction in the Aggregate Principal Component pursuant to Sections 2.06, 6.02 or 6.03 of the Revolving Credit Agreement, downward by the amount of each Lender's Percentage of such reduction in the Aggregate Principal Component;
- (b) downward by the portion of each Loan advanced by such Lender to pay the principal of Commercial Paper Notes; and
- (c) upward by the payment received by a Lender with respect to such Lender's Loan, other than a Term Loan, which constitutes a repayment of the portion of the Loan advanced by such Lender to pay the principal of Commercial Paper Notes at maturity.

Any adjustment to the Available Principal Component pursuant to clauses (a), (b), or (c) above shall occur simultaneously with the occurrence of the events described in such clauses.

BayernLB – means Bayerische Landesbank (formerly known as Bayerische Landesbank Girozentrale), acting through its New York Branch.

Commercial Paper Documents - means, collectively, the Master Debt Resolution, the First Supplemental Debt Resolution, each Notice of Loan, each Request for Term Loan, the Issuing and Paying Agent Agreement, the Dealer Agreement, the Revolving Credit Agreement, the Loan Notes, the Commercial Paper Notes and any exhibits, certificates, instruments or agreements relating thereto.

Commercial Paper Notes or Notes - means the "Dallas Area Rapid Transit Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes, Series 2001," as described in and authorized by the First Supplemental Debt Resolution pursuant to the right reserved to DART in Section 3.6(a) of the Master Debt Resolution, and to be issued in Installment Issues, as provided in the Master Debt Resolution and the First Supplemental Debt Resolution.

Commitment - means, with respect to each Lender, the amount set forth below under the heading Commitment for each Lender (each of which Commitment equals the sum of the Principal Component and the Interest Component specified below for each Lender), as such amount may be reduced pursuant to Sections 2.06, 6.02 or 6.03 of the Revolving Credit Agreement.

<u>Lender</u>	<u>Commitment</u>	<u>Principal Component</u>	<u>Interest Component</u>
BayernLB	\$167,308,220	\$162,500,000	\$4,808,220
LBBW	90,089,041	87,500,000	2,589,041
State Street	193,047,946	187,500,000	5,547,946
WLB	167,308,220	162,500,000	4,808,220

Commitment Fee - means the amount payable to each Lender pursuant to Section 2.05 of the Revolving Credit Agreement.

Default - means any condition or event that constitutes, or which with the giving of notice or passage of time or both would constitute, an Event of Default under the Revolving Credit Agreement.

Eligible Notes - means Commercial Paper Notes issued in compliance with the First Supplemental Debt Resolution during the Revolving Credit Period prior to the delivery of a No-Issuance Notice (or in the case of a No-Issuance Notice that has been rescinded as described in Section 2.14(b), issued after such No-Issuance Notice has been rescinded) and which mature on or prior to the Revolving Credit Maturity Date. Notes issued during the Revolving Credit Period and prior to the issuance of a No-Issuance Notice shall be Eligible Notes.

Event of Default - shall have the meaning assigned in Section 6.01 of the Revolving Credit Agreement.

Event of Insolvency - means, with respect to any Person, the occurrence of one or more of the following events: (a) the issuance, under the laws of any state or under the laws of the United States of America, of an order of rehabilitation, liquidation or dissolution of such Person; (b) the commencement by or against such Person of a case or other proceeding seeking liquidation, reorganization or other relief with respect to such Person or its debts under any bankruptcy, insolvency or other similar state or federal law now or hereafter in effect, including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for such Person or any substantial part of its property; (c) the making of an assignment for the benefit of creditors by such Person; (d) the failure of such Person to generally pay its debts as they become due; (e) the declaration of a moratorium with respect to the payment of the debts of such Person; or (f) the initiation of any actions to authorize any of the foregoing by or on behalf of such Person.

Expiration Date - means the later of (a) 5:00 p.m. (New York time) on November 30, 2015, and (b) 5:00 p.m. (New York time) on the last day of any extension of such date pursuant to Section 2.09 of the Revolving Credit Agreement or, if such last day is not a Business Day, the Business Day next preceding such day.

Fitch - means Fitch Inc. and its successors and assigns.

Highest Lawful Rate - means the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by DART in the exercise of their borrowing powers (currently prescribed by Chapter 1204, Government Code, as amended, or any successor provision).

Installment Issue - means an amount, stated in United States currency, of Commercial Paper Notes, as set forth and described in, and to be delivered pursuant to an Instruction to the Issuing and Paying Agent.

Interest Component - means, as to each Lender, the amount set forth in the definition of Commitment as such Lender's Interest Component which shall be equal to 90 days interest on each Lender's Principal Component at an assumed rate of 12% per annum computed on the basis of the actual days elapsed and on a 365 day year.

LBBW - means Landesbank Baden-Wurtemberg, acting through its New York Branch.

Lenders - means the signatory banks to the Revolving Credit Agreement, specifically, BayernLB, LBBW, WLB and State Street.

Lender's Percentage - means, with respect to a Lender, a fraction, expressed as a percentage, where the numerator is such Lender's Available Commitment and the denominator is the aggregate of all Lenders' Available Commitments.

Loan - means a loan of money by the Lenders to DART, including a Term Loan, made pursuant to Article II of the Revolving Credit Agreement.

Loan Notes - means the promissory notes made by DART in favor of each Lender evidencing Loans made by each Lender to DART, in substantially the form required by the Revolving Credit Agreement.

Moody's - means Moody's Investors Service and its successors and assigns.

Notice of Loan - means a written borrowing request in substantially the form required by the Revolving Credit Agreement, which requests a Loan from each Lender.

No-Issuance Notice - means the notice described in Section 2.14 of the Revolving Credit Agreement.

Principal Amount - means, with respect to a Loan Note, the outstanding principal balance of the related Loan.

Principal Component - means, as to each Lender, the amount set forth in the definition of Commitment as such lender's Principal Component, as such amount may be reduced pursuant to Sections 2.06, 6.02 or 6.03 of the Revolving Credit Agreement.

Rating Agency - means collectively, Fitch, Moody's and S&P.

Request for Term Loan - means a written borrowing request in substantially the form required by the Revolving Credit Agreement, which requests a Term Loan from each Lender.

Revolving Credit Maturity Date - means the earliest to occur of, (a) the Expiration Date, (b) the date on which the Aggregate Commitment is reduced to zero pursuant to Section 2.06 of the Revolving Credit Agreement, (c) the Substitution Date, (d) the date on which the Notes are defeased pursuant to Article X of the Master Debt Resolution, (e) the BayernLB/LBBW/WLB Early Termination Date (as defined in the Revolving Credit Agreement, as described herein), (f) the State Street Non-Renewal Date (as defined in the Revolving Credit Agreement, as described herein) and (g) the date the Commitments are terminated pursuant to Section 6.02(b) or 6.03(a) of the Revolving Credit Agreement.

Revolving Credit Period - means the period commencing on the Closing Date and continuing to the Revolving Credit Maturity Date.

State Street – means State Street Bank and Trust Company.

Substitution Date - means the date on which a revolving credit agreement is executed and delivered in substitution for the Revolving Credit Agreement.

Term Loan - means a Loan (pursuant to Section 2.01(b) of the Revolving Credit Agreement) evidenced by the Loan Notes, made on the Term Loan Amortization Commencement Date.

Term Loan Amortization Commencement Date – means, with respect to each Loan, the earlier of (i) the first anniversary of the date funds are initially advanced under Section 2.01(a) of the Revolving Credit Agreement to make such Loan and (ii) the Revolving Credit Maturity Date.

Term Loan Certificate - means a certificate described in the Revolving Credit Agreement, which is signed on behalf of DART and delivered to the Administrative Agent.

Term Loan Maturity Date - means the third anniversary of the Term Loan Amortization Commencement Date.

WLB – means WestLB AG (formerly known as Westdeutsche Landesbank Girozentrale), acting through its New York Branch, as Lender.

Special Provisions Relating to the Master Debt Resolution, the First Supplemental Debt Resolution and the Revolving Credit Agreement {Section 1.03}

As required by the Master Debt Resolution, the Revolving Credit Agreement, the Loans and the Loan Notes are Credit Agreements; each Lender is a Credit Provider; the obligations of DART under the Loans and the Loan Notes are Credit Agreement Obligations and Senior Subordinate Lien Obligations issued under the Master Debt Resolution. No amendment to the Master Debt Resolution (other than amendments pursuant to Section 9.2 of the Master Debt Resolution which are not materially adverse to the interests of the Lenders), the First Supplemental

Debt Resolution, or the Commercial Paper Documents shall be proposed, approved or adopted, whether with or without the consent of the Holders, unless and until the same is approved by the Lenders as Credit Providers. Subject to Section 5.12 of the Revolving Credit Agreement, in the event of the occurrence of a Default, a right to accelerate the Stated Maturity Dates, the Term Loan Maturity Date, and all other payment dates under the Master Debt Resolution, the First Supplemental Debt Resolution, the Revolving Credit Agreement and any Loan Note is not granted as a remedy, and the right of acceleration is expressly denied. DART shall have the right to issue Obligations at any time in accordance with the Master Debt Resolution and any Supplemental Resolution. Unless the Lenders unanimously approve otherwise, DART shall not have the right to issue Senior Lien Obligations or Senior Subordinate Lien Obligations unless no Event of Default has occurred and is continuing under the Revolving Credit Agreement and DART is in compliance with the covenants set forth in Section 5.13 of the Revolving Credit Agreement. DART has the right to issue Junior Subordinate Lien Obligations, and to issue Special Revenue Obligations, on such terms and at such times as DART considers appropriate.

REVOLVING CREDIT; TERM LOANS

{Article II}

Commitment to Lend, Term Loans and Loan Repayment *{Section 2.01}*

Commitment to Lend. In accordance with the terms of the Revolving Credit Agreement, each Lender severally agrees that it will, during the Revolving Credit Period on the terms and conditions set forth in the Revolving Credit Agreement, lend to DART, from time to time, amounts up to but not exceeding an aggregate principal amount outstanding, at any one time, equal to its Commitment. Each Loan under this Section 2.01(a) of the Revolving Credit Agreement shall be made in the Lender's Percentage of such amount as may be requested by DART or the Issuing and Paying Agent pursuant to a Notice of Loan submitted to each Lender. The amount requested in a Notice of Loan to be used to pay the principal of Eligible Notes at maturity shall not exceed the lesser of (i) an amount equal to the principal of Eligible Notes maturing on the date such amount is requested to be advanced less the proceeds from the sale of Commercial Paper Notes issued on such date and (ii) the Aggregate Available Principal Component. The amount requested in a Notice of Loan to be used to pay interest accrued on Eligible Notes at maturity shall not exceed the lesser of (A) an amount equal to interest accrued on Eligible Notes to be repaid with the portion of such Loan described in clause (a)(i) of Section 2.01(a) of the Revolving Credit Agreement and (B) the Aggregate Available Interest Component. Amounts may only be requested for the payment of principal of and interest on Eligible Notes at maturity.

Term Loans. In accordance with the term of the Revolving Credit Agreement, each Lender severally agrees that it will, on the Term Loan Amortization Commencement Date, make a Term Loan to DART in an amount equal to the principal amount which is outstanding under such Lender's Loan Note. The principal amount of such Term Loan shall be repaid as provided in Section 2.01(c)(iv) of the Revolving Credit Agreement. Lenders shall not be required to make any Term Loans on a Term Loan Amortization Commencement Date which is also a Substitution Date.

Repayment of Loans and Term Loans. DART agrees to pay to the Administrative Agent for the account of each Lender, the following: (i) an amount equal to the amounts advanced to pay interest on Eligible Notes at maturity on the date advanced; (ii) to the extent of Loans outstanding, an amount equal to the excess of the proceeds from the sale of Commercial Paper Notes over the principal amount of Commercial Paper Notes maturing on the date proceeds are received; (iii) an amount equal to the principal of all Loans outstanding on the Term Loan Amortization Commencement Date to the extent not converted to Term Loans on such date; and (iv) an amount equal to the principal amount of each Term Loan payable semiannually in six equal installments so that Term Loans are repaid in full on the first Business Day of the month in which the third anniversary of the Term Loan Amortization Commencement Date occurs.

Loan Notes; Interest *{Sections 2.03 and 2.04}*

A Loan Note shall evidence the Loans made by each Lender. The Loan Note shall bear interest at the rates and shall be due and payable as set forth in the Loan Notes and in the Revolving Credit Agreement.

Fees {Section 2.05}

DART shall pay to the Administrative Agent for the account of each Lender the Commitment Fee which shall accrue from and including the Closing Date to and including the Revolving Credit Maturity Date, payable in arrears on the first Business Day of each February, May, August and November, commencing May 2001. DART agrees to pay to the Administrative Agent a fee of \$150 per Loan and, in connection with any amendment to the Revolving Credit Agreement, a fee at \$2,500 per Lender plus reasonable legal fees and expenses.

Termination or Reduction of Commitment {Section 2.06}

During the Revolving Credit Period, DART may, upon at least three Business Days' prior written notice to the Administrative Agent and any rating agency which has issued a rating on the Commercial Paper Notes, reduce, from time to time by an aggregate amount of \$1,000,000 or any integral multiple of \$100,000 in excess thereof, the Aggregate Available Principal Component (with the Aggregate Interest Component relating to such reduced Aggregate Principal Component also being reduced by such reduction and with each Lender's Commitment, Principal Component and Interest Component being reduced by its Lender Percentage of such reduction); provided that DART may not reduce the Lenders' Commitments if the resulting unused portions of the Aggregate Commitments would be less than the aggregate principal of all outstanding Commercial Paper Notes plus an amount equal to the interest to accrue thereon to maturity.

The Lenders' Commitments shall terminate on the Revolving Credit Maturity Date. Any Loan outstanding (together with accrued interest thereon) shall be due and payable on the Revolving Credit Maturity Date unless, in the case of principal such Loan has been converted to a Term Loan pursuant to the provisions of the Revolving Credit Agreement in which case the accrued interest outstanding on such date shall be due and payable on such date.

DART may, upon not less than 30 days nor more than 45 days notice to the Administrative Agent, and upon satisfaction of the conditions specified in the Revolving Credit Agreement, terminate the Commitments in their entirety.

Optional Prepayments {Section 2.07}

DART may, at any time, upon prior notice required by the Revolving Credit Agreement prepay the Loans in whole or in part in an aggregate amount of \$1,000,000 or in integral multiples of \$100,000 in excess thereof or such lesser amount constituting the balance of all Loans and each Lender's Loans outstanding shall be proportionately repaid.

General Provisions as to Payment {Section 2.08}

The Administrative Agent shall calculate and notify DART, the Issuing and Paying Agent and the Trustee of amounts payable under the Revolving Credit Agreement. DART shall make or cause to be made each payment due to the Administrative Agent, which shall pay to each Lender such Lender's Percentage of any payments made by DART, all on the dates, at the times and in the manner required under the Revolving Credit Agreement.

Requests for Extension of Expiration Date {Section 2.09}

DART may request that the Lenders extend the Expiration Date by request to the Administrative Agent no earlier than 75 days prior to the current Expiration Date. If all of the Lenders agree to such extension, the Administrative Agent shall notify DART within 30 days of DART's request and DART may accept such extension within 30 days after receipt of notice from the Administrative Agent. If the extension is accepted by all parties, the Expiration Date shall be extended subject to agreement to the terms and conditions to applicable to such extension.

Failure of a Lender to Loan {Section 2.11}

The failure of a Lender to make any requested Loan shall not release the Lender from its agreement to make such Loans, nor shall acceptance by DART of any Loan or portion thereof from the Lender be a release,

discharge or waiver of any claim, demand or cause of action of DART arising out of or in continuation with any such failure to advance funds. The failure of any Lender to make any requested Loan shall not obligate any other Lender to make such Loan.

Compliance with Law {Section 2.13}

The maximum amount of interest which may be payable by, charged to, or collected from DART or any other Person for the payment of the Loan Notes shall not exceed the Highest Lawful Rate, as provided in the Revolving Credit Agreement.

No-Issuance Notice {Section 2.14}

The Administrative Agent may (or upon the direction of the Lenders, shall) give a No-Issuance Notice to the Issuing and Paying Agent (with copies to DART, the Lenders and the Dealers) if (i) a Default shall have occurred and be continuing, or (ii) the representations and warranties of DART set forth in Article IV of the Revolving Credit Agreement are not true and correct in all material respects on and as of the date of the delivery of the No-Issuance Notice. After delivery of the No-Issuance Notice no Eligible Notes shall be issued and DART will not deliver any additional Installment Issues of Eligible Notes. The No-Issuance Notice may be rescinded if the conditions giving rise to the delivery of the No-Issuance Notice have been cured.

Early Termination by BayernLB/LBBW/WLB; State Street Non-Renewal {Section 2.15}

Not less than 120 days prior to each Anniversary Date, either BayernLB, LBBW or WestLB may, in its sole and absolute discretion, terminate the Revolving Credit Period by delivering written notice (an “Early Termination Notice”) to DART, the Administrative Agent and each of the other Lenders. In the event an Early Termination Notice is delivered by BayernLB, LBBW or WestLB, the Revolving Credit Period will terminate as of the close of business on the Anniversary Date to which such Early Termination Notice relates (each such date a “BayernLB/LBBW/WLB Early Termination Date”).

The Revolving Credit Period will terminate on each Anniversary Date (or such other date as agreed to pursuant to the immediately succeeding sentence) unless not less than 150 days prior to such Anniversary Date (or such other date as agreed to pursuant to the immediately succeeding sentence), DART delivers a written request to the Administrative Agent and State Street requesting that State Street deliver to DART a Renewal Notice in the form attached as an exhibit to the Revolving Credit Agreement. In response to such request and not less than 120 days prior to such Anniversary Date (or such other date as agreed to pursuant to this sentence), State Street may deliver to DART, the Administrative Agent and each Lender a renewal notice expressing its election to extend the Revolving Credit Period for an additional three year period (or for such other period of time agreed to by the parties to the Revolving Credit Agreement). In the event that such a Renewal Notice is given (and none of the other Lenders provides notice of early termination to DART pursuant to the preceding paragraph), the Revolving Credit Period will not terminate on the related Anniversary Date. In the event that State Street fails to deliver a Renewal Notice, the Revolving Credit Period will terminate effective as of the close of business on such Anniversary Date (each such date a “State Street Non-Renewal Date”).

CONDITIONS

{Article III}

Conditions to Closing and Commencement of Revolving Credit Period {Section 3.01}

The Revolving Credit Agreement shall be delivered to, and binding upon DART and the Lenders, and the Revolving Credit Period shall commence, on the date on which all of the documentation required under the Revolving Credit Agreement have been properly executed and delivered, including evidence that the Attorney General of the State of Texas has approved the Commercial Paper Documents and the Revolving Credit Agreement as required by Applicable Law.

Conditions to Loans During Revolving Credit Period {Section 3.02}

The obligation of any Lender to make any Loan is subject to the receipt by each Lender of a Notice of Loan as required by Section 2.02(a) of the Revolving Credit Agreement and to each Lender's satisfaction that the proceeds of such Loan will be applied only to the payment of principal of or interest on Eligible Notes and that no Automatic Commitment Termination Event has occurred and is continuing.

Conditions to Term Loan {Section 3.03}

The obligation of any Lender to make any Term Loan is subject to receipt by the Administrative Agent of a Request for Term Loan and supporting documentation required by the Revolving Credit Agreement, including representations and warranties of DART to the effect that (i) no Default or Automatic Commitment Termination Event has occurred and is continuing and (ii) the representations and warranties of DART contained in Article IV of the Revolving Credit Agreement are true and correct as of such date.

REPRESENTATIONS AND WARRANTIES OF DART

{Article IV}

Dart represents and warrants, among other matters set forth in the Revolving Credit Agreement, that it is duly incorporated under the constitution and laws of the State of Texas as a subregional transportation authority under the Act; that it has all requisite powers and material government licenses and approvals to pay the Obligations, to pledge the Pledged Revenues, to adopt the Master Debt Resolution and First Supplemental Debt Resolution, and to deliver the Commercial Paper Notes and the Commercial Paper Documents and that all such actions have been duly authorized by all necessary action by DART in conformance with Applicable Law; that, assuming only in the case of the Revolving Credit Agreement, that it is binding upon the Lenders, the Commercial Paper Documents constitute legal, valid and binding obligations of DART enforceable with their terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or other similar laws limiting creditor's rights and remedies; and that no action, suit or investigation is pending or threatened against or affecting DART, the Revolving Credit Agreement or the Commercial Paper Documents the resolution of which would materially adversely affect the properties, business, condition or operations of DART or the ability of DART to perform its obligations thereunder, except as may be described in the Master Disclosure Statement and the Supplemental Disclosure Statement and Offering Memorandum prepared by DART and the Dealers relating to the Commercial Paper Notes.

Dart represents and warrants that the Master Debt Resolution and the First Supplemental Debt Resolution create the pledge, lien and assignment which they purport to create to secure the Commercial Paper Notes, the Credit Agreement Obligations, the Administrative Expenses and to the extent provided therein is a perfected senior subordinated lien. DART has not granted the remedy of acceleration to any creditor holding Obligations.

COVENANTS

{Article V}

General Covenants {Sections 5.01 through 5.12}

DART agrees to deliver to each Lender certain documents, certificates, reports and information pertaining to DART's finances and operations as specified in the Revolving Credit Agreement. DART covenants to pay when due all of its obligations in connection with the Commercial Paper Notes, the Revolving Credit Agreement, the Loan Notes and the Commercial Paper Documents, and agrees that it will not enter into any contract, agreement or transaction or incur any obligation which would have a material adverse effect on DART's ability to meet its obligations thereunder or create, incur, assume, or suffer to exist any pledge of, lien on or other security interest in the Pledged Revenues except as provided and permitted therein.

Financial Covenants {Section 5.13}

DART shall at all times have the right under the Master Debt Resolution to issue Senior Lien Obligations up to an amount equal to the sum of (i) all Loans outstanding plus (ii) the Outstanding Eligible Notes plus (iii) interest that will accrue on such Outstanding Eligible Notes to maturity.

DART shall not issue any Bond Obligations (other than the Notes in an amount not to exceed the Aggregate Principal Commitment in effect from time to time, and Junior Subordinate Lien Obligations) that are in excess of the amount applied to the refunding or defeasance of Outstanding Notes and Loans unless:

(i) DART shall first provide each Lender a written report prepared by an independent economist broadly experienced in economic forecasting in the North Texas region, or an independent certified public accountant or accounting firm, setting forth projections of Gross Sales Tax Revenues which indicate that the reasonably estimated Gross Sales Tax Revenues for each of three following and consecutive fiscal years, beginning with the first fiscal year in which Debt Service will be due on the proposed Bond Obligations, are equal at least to 150% of the Debt Service that will be due on all Bond Obligations that are issued as Senior Lien Obligations and Senior Subordinate Lien Obligations that will be outstanding after the proposed new issue during each of such three fiscal years, taking into consideration any Debt Service to be paid during such period on or with respect to additional Senior Lien Obligations and additional Senior Subordinate Lien Obligations then proposed to be issued and any reduction in Debt Service that may result from the issuance thereof, and after applying Standard Assumptions with respect to any such Senior Lien Obligations and Senior Subordinate Lien Obligations which are also Interim Obligations or Variable Rate Obligations; and

(ii) in any four consecutive calendar quarters out of the six calendar quarters immediately preceding the date of issuance of the proposed Senior Lien Obligations or Senior Subordinate Lien Obligations, Gross Sales Tax Revenues shall have been deposited to the Gross Sales Tax Revenue Fund in an amount equal to at least 200% of the Debt Service on the Outstanding Senior Lien Obligations and Senior Subordinate Lien Obligations during such four calendar quarters plus Debt Service on such proposed Senior Lien Obligations or Senior Subordinate Lien Obligations during such period, assuming that they were outstanding during such four quarter period after taking into consideration any reduction in Debt Service that may result from the issuance of such proposed Senior Lien Obligations or Senior Subordinate Lien Obligations and after applying the Standard Assumptions with respect to any outstanding or proposed Interim Obligations or Variable Rate Obligations which are Senior Lien Obligations or Senior Subordinate Lien Obligations.

DART shall maintain a ratio of Available Funds to Debt Service on all Outstanding Senior Lien Obligations and Senior Subordinate Lien Obligations of 1.10 to 1.00 determined at the end of each quarter of each Fiscal Year for the preceding four-quarter period.

DEFAULTS, REMEDIES

{Article VI}

Events of Defaults {Section 6.01}

Any one of the following occurrences shall constitute an “Event of Default” under the Revolving Credit Agreement:

(a) DART’s failure to pay when due any amount owed with respect to a Senior Lien Obligation or a Senior Subordinate Lien Obligation;

(b) any provision of any of the Commercial Paper Documents that relates to DART’s ability or obligation to make payment when due thereunder, or to make payments on the Loan Notes, or to raise funds for such purpose, or the pledge, perfection or priority of the lien on Pledged Revenues, or any other material provision of the

Revolving Credit Agreement, the Notes, the Loan Notes, the Master Debt Resolution or the First Supplemental Debt Resolution, shall cease to be valid and binding on DART as a result of federal or state legislative or administrative action, or shall be declared, in a final judgment by a court of competent jurisdiction, to be null and void, invalid or unenforceable;

(c) an Event of Insolvency shall occur with respect to DART;

(d) the rating assigned to any Senior Lien Obligations or Senior Subordinate Lien Obligations shall be withdrawn, suspended or reduced below the BBB-, Baa3 and BBB- by Fitch, Moody's and S&P, respectively;

(e) a formal claim or filing is made by DART in any official forum or proceeding, judicial or otherwise, claiming or seeking an adjudication that the Revolving Credit Agreement, the Loan Notes, the Notes, the Master Debt Resolution or the First Supplemental Debt Resolution are not binding on, or are not valid and enforceable against, DART or otherwise repudiating the obligations of DART under any of the foregoing documents;

(f) any occurrence that constitutes an "event of default" under Section 7.1 of the Master Debt Resolution or under any Credit Agreement secured by a lien on Pledged Revenues which is on a parity with or senior to the lien thereon securing the Senior Subordinate Lien Obligations;

(g) the occurrence of any event under any resolution, or instrument authorizing or relating to Outstanding Obligations, to the Commercial Paper Documents or to Credit Agreement Obligations that are separate from the Loan Notes, that would entitle any Person, or a trustee on behalf of such Person, to give notice of a default under Section 7.1(iii) of the Master Debt Resolution;

(h) DART shall fail to pay any Commitment Fee or other amount payable under the Revolving Credit Agreement, other than principal of and interest on Loan Notes, and such failure continues for 5 Business Days from the date of notice of such failure by the Administrative Agent;

(i) the occurrence of any event under any resolution, or instrument authorizing or relating to Outstanding Obligations, to the Commercial Paper Documents or to Credit Agreement Obligations that are separate from the Loan Notes, that would entitle any Person, or a trustee on behalf of such Person, to pursue any legal remedies apart from the remedies available under the Master Debt Resolution against DART;

(j) any representation, warranty, certification or statement made by DART in the Revolving Credit Agreement or by an Authorized Officer of DART in any certificate, financial statement, or other document delivered pursuant to the Revolving Credit Agreement is proved to be incorrect in any material respect when made;

(k) the breach by DART of any covenant, agreement or condition (i) contained in Sections 1.03(b)(i), 5.06, 5.07, 5.10, 5.13(c) and 5.13(d) of the Revolving Credit Agreement or (ii) contained in the Revolving Credit Agreement or the Loan Notes and not described in (a) through (k)(i) in this Section, including the covenants contained in Article V of the Revolving Credit Agreement and the continuation of such breach without cure or correction to the satisfaction of the Administrative Agent for more than 10 days after written notice thereof has been given by the Administrative Agent to DART; provided, however, such breach shall not constitute an Event of Default for such period of time as, in the opinion of the Administrative Agent, DART diligently pursues a cure or correction of such breach but only so long as such breach is cured within 30 days after the Administrative Agent gives notice thereof; and

(l) any material provisions of the Revolving Credit Agreement, the Loan Notes, the Notes, the Master Debt Resolution, the First Supplemental Debt Resolution or the Issuing and Paying Agent Agreement relating to the payment of any Senior Lien Obligation or Senior Subordinate Lien Obligation shall cease to be valid and binding on DART and shall be declared null and void as the result of a final judgment or action by any court or governmental authority or agency having jurisdiction over DART.

Remedies, Automatic Commitment Termination Events {Section 6.02}

For purposes of the Revolving Credit Agreement, each Event of Default described in clauses (a), (b), (c), (d) or (l) of Section 6.01 of the Revolving Credit Agreement is an “Automatic Commitment Termination Event.” Upon the occurrence of any Automatic Commitment Termination Event the Commitments shall automatically terminate, without the necessity of giving any further notice to DART or any other Person, the Lenders’ obligation to make Loans shall immediately and automatically terminate and the Lenders shall have no obligation to make any additional Loans to fund then Outstanding or future installments of Eligible Notes. The Administrative Agent shall give prompt notice of the occurrence of any Automatic Termination Event to DART and the Issuing and Paying Agent provided that the failure to give such notice shall not create any liability for the Lenders or the Administrative Agent or affect the termination of Lenders’ obligation to make Loans.

Remedies, No-Issuance Notices, Termination of Commitments {Section 6.03}

Upon the occurrence of any Event of Default, or on the date which a claim is expressed or an assertion is made that the Revolving Credit Agreement, the Loan Notes, or any of the Commercial Paper Documents are not binding on, or are not enforceable against, DART, or that otherwise repudiates the obligations of DART under any of the foregoing documents, the Administrative Agent may, and if requested by the Lenders shall, if the Commitments have not theretofore automatically terminated pursuant to Section 6.02 of the Revolving Credit Agreement, terminate the Commitments by issuing a No-Issuance Notice to the Issuing and Paying Agent. Termination of the Commitments pursuant to a No-Issuance Notice pursuant to this Section shall not affect the obligation of the Lenders to make Loans but only to the extent necessary for DART to make the required payments of principal of and interest on Eligible Notes; if any Loans are made that would not have been made but for the application of this provision, such Loans shall be due and payable on the date they are made.

Other Remedies {Section 6.04}

Upon the occurrence of any Event of Default and in addition to the automatic and optional remedies provided in Sections 6.02 and 6.03 of the Revolving Credit Agreement, the Administrative Agent may, and at the request of the Lenders shall, subject to Section 7.2(a)(iii) of the Master Debt Resolution, pursue such other actions, proceedings and remedies set forth under Section 6.04 of the Revolving Credit Agreement.

THE ADMINISTRATIVE AGENT, RELATIONS AMONG LENDERS

{Article VII}

Each Lender appoints and authorizes the Administrative Agent to act as its agent under the Revolving Credit Agreement and DART is entitled to rely on the actions taken by the Administrative Agent in accordance therewith. The Administrative Agent shall be entitled to rely on any certification, notice or other communication believed by it to be genuine and correct and shall be protected in acting in accordance with instructions signed by the Lenders. The Administrative Agent shall not be deemed to have knowledge of the occurrence of a Default (other than a payment related default) unless it has received notice thereof from a Lender or DART. The Administrative Agent, in its capacity as Lender, shall have the same rights and powers as any other Lender. The Lenders agree to indemnify the Administrative Agent as set forth in the Revolving Credit Agreement for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs expenses or other disbursements which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Revolving Credit Agreement, related documents or the transactions contemplated thereby, provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified.

Each Lender agrees that it has, independently and without reliance on the Administrative Agent or any other Lender, made its own credit analysis of DART and will continue to make its own analysis of DART in taking or not taking action under the Revolving Credit Agreement.

Subject to the appointment and acceptance of a successor Administrative Agent, the Administrative Agent may resign by giving notice thereof to DART and the Lenders. The Lenders have the right to appoint a successor Administrative Agent, and if none is appointed as provided in the Revolving Credit Agreement, the retiring Administrative Agent may appoint a successor as provided in the Revolving Credit Agreement.

MISCELLANEOUS

{*Article VIII*}

The Revolving Credit Agreement shall be deemed to be a contract made under and construed in accordance with and governed by the laws of the State of Texas; provided that the Administrative Agent's and the Lenders' Obligations shall be construed in accordance with and governed by the laws of the State of New York.

A Lender's rights and obligations under the Revolving Credit Agreement may not be assigned, other than by operation of law to a successor or merged institution, unless (i) DART receives notice from the Rating Agencies that the ratings of the Commercial Paper Notes, if any, issued by such Rating Agencies will not be lowered or withdrawn as a result of such assignment, and (ii) DART has given its consent to such assignment, which consent shall not be unreasonably withheld. Subject to the limitations set forth in the Revolving Credit Agreement, each Lender may enter into participation agreements without the consent of DART.

As between the Lenders and DART, DART, to the extent permitted by Applicable Law, assumes all risks of the acts or omissions of the Issuing and Paying Agent and the Dealers with respect to the use of any money made available by the Lenders. In addition to rights of reimbursement, indemnification, subrogation, or other rights under law or equity, DART agrees, to the extent permitted by Applicable Law, to indemnify and hold harmless the Administrative Agent and the Lenders from and against all claims, damages, losses or expenses which they may incur by reason of or in connection with the transactions contemplated under the Revolving Credit Agreement as further set forth therein.

APPENDIX C

FORM OF OPINION OF CO-BOND COUNSEL

The signed opinion of our Co-Bond Counsel, Vinson & Elkins L.L.P., Dallas, Texas, and West & Gooden, P.C., Dallas, Texas, in substantially the form and substance included in the following pages of this Appendix C, was delivered concurrently with the delivery of the Initial Notes.

APPENDIX C

FORM OF OPINION OF CO-BOND COUNSEL

February 8, 2001

\$500,000,000

**DALLAS AREA RAPID TRANSIT SENIOR
SUBORDINATE LIEN SALES TAX REVENUE
TAX EXEMPT COMMERCIAL PAPER NOTES,
SERIES 2001 (NON-AMT)**

We have represented Dallas Area Rapid Transit (“DART”) as its Co-Bond Counsel in connection with the authorization and issuance of its first installment issue of Dallas Area Rapid Transit Senior Subordinate Lien Sales Tax Revenue Tax Exempt Commercial Paper Notes, Series 2001 (Non-AMT) (the “Notes”) in the amount of \$500,000,000 (the “Initial Notes”). The Initial Notes are being issued pursuant to the Master Debt Resolution (the “Resolution”), adopted on January 23, 2001, and the First Supplemental Debt Resolution (the “Supplemental Resolution”), dated as of January 23, 2001. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Resolution.

As Co-Bond Counsel, we are rendering this opinion with respect to the legality and validity of the Initial Notes under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Initial Notes from gross income of the Holders for federal income tax purposes.

We have examined the relevant provisions of the Constitution and laws of the State of Texas as we have deemed necessary, including Chapter 452, Texas Transportation Code (the “Act”), pursuant to which DART was created and functions as a subregional transportation authority and public body corporate and politic of the State of Texas. We have not investigated and do not assume any responsibility with respect to the financial condition or capabilities of DART, or the disclosure thereof in connection with the offering and sale of the Initial Notes.

We have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the authorization of the Initial Notes, including (i) the Resolution and the Supplemental Resolution; (ii) a Revolving Credit Agreement, dated as of February 8, 2001 (the “Revolving Credit Agreement”), among DART and Westdeutsche Landesbank Girozentrale, acting through its New York Branch, Bayerische Landesbank Girozentrale, acting through its New York Branch, State Street Bank and Trust Company, and Landesbank Baden Württemberg, acting through its New York Branch (collectively the “Lenders”), pursuant to which the Lenders have agreed to provide, on a several basis, a revolving line of credit to provide funds to DART in amounts necessary to assure the repayment of the Initial Notes when due; (iii) customary certificates of officers and representatives of DART, the Lenders, the Issuing and Paying Agent, the Dealers, and the Trustee; (iv) other pertinent instruments relating to the authorization and issuance of the Initial Notes and the security for the payment thereof; and (v) such other instruments and matters of law as we have deemed relevant, including the opinion of the Attorney General of Texas, relating to the Initial Notes.

Based on the foregoing, it is our opinion that the transcript of certified proceedings evidences complete legal authority for and authorizes the issuance of the Initial Notes in the amount of \$500,000,000, and that the Initial Notes constitute valid and binding special obligations of DART, secured by and payable from (i) the Pledged Revenues; and (ii) proceeds from the sale of other Notes issued by DART for the purpose of paying the principal of maturing Initial Notes.

The rights of the Holders of the Initial Notes are subject to applicable provisions of federal bankruptcy law and any other similar laws affecting the rights of creditors of political subdivisions, and may be limited by general principles of equity which permit the exercise of judicial discretion. Holders of the Initial Notes shall never have the

right to demand payment of principal or interest out of any funds raised or to be raised by taxation other than the Gross Sales Tax Revenues.

DART has reserved the right to issue additional debt, subject to the restrictions contained in the Resolution, that is secured by liens on the Pledged Revenues that are on a parity with or that are junior and subordinate to the lien on Pledged Revenues securing the Initial Notes.

It is our further opinion that interest on the Initial Notes will, upon the issuance and delivery thereof in accordance with the Resolution and the Supplemental Resolution, be excludable from gross income of the Holders for federal income tax purposes under existing law, and is not an item of tax preference under the Code for purposes of determining the alternative minimum tax on individuals or corporations. However, in the case of a corporate taxpayer (other than an S corporation, a regulated investment company, a REIT, a REMIC or a FASIT), interest on the Initial Notes will be included in such corporation's "adjusted current earnings" for purposes of computing its alternative minimum tax.

In rendering such opinions, we have relied on representations of DART with respect to matters solely within the knowledge of DART which we have not independently verified, and we have assumed continuing compliance with the covenants in the Resolution and the Supplemental Resolution and the representations in the Federal Tax Certificate pertaining to those sections of the Code that affect the exclusion of interest on the Initial Notes from the gross income of the Holders for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or DART fails to comply with the foregoing covenants of the Resolution and the Supplemental Resolution, interest on the Initial Notes could become includable in the gross income of the Holders from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Initial Notes.

Holders of the Initial Notes should be aware that the ownership of tax exempt obligations, such as the Initial Notes, may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax exempt obligations and individuals otherwise qualified for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax exempt interest such as interest on the Initial Notes.

This opinion may be relied upon by the Holders of the Initial Notes, but only to the extent that: (i) there is no change in existing regulations, Internal Revenue Service ruling positions or procedures, or law that may adversely affect the validity of the Initial Notes or the exclusion of the interest thereon from the gross income of Holders for federal tax purposes, (ii) the Resolution, the Supplemental Resolution, the Federal Tax Certificate, the Revolving Credit Agreement, the Issuing and Paying Agent Agreement, and the Dealer Agreements, in their respective forms on the date hereof, remain in full force and effect and the Initial Notes issued after the date hereof are issued in accordance with the provisions of the Resolution, the Supplemental Resolution, and the Issuing and Paying Agent Agreement, (iii) the representations, warranties, covenants and agreements of the parties contained in the Resolution, the Supplemental Resolution, the Federal Tax Certificate, the Revolving Credit Agreement, the Issuing and Paying Agent Agreement, the Dealer Agreements, and certain certificates dated the date hereof and delivered by authorized officers of DART remain true and accurate and have been complied with in all material respects, (iv) there has not been delivered to DART an opinion of this firm of more recent date with respect to the matters referred to herein, and (v) this opinion has not been expressly withdrawn as evidenced by a letter to DART.

Nothing contained in this opinion shall be construed as any undertaking on our part to monitor any changes in applicable law or to monitor or confirm the accuracy of any such representations or warranties or compliance with any such agreements or covenants. In addition, we undertake no duty to expressly advise any Holder of any change or development of which we become aware that may adversely affect the opinions expressed herein.