

LEASE AGREEMENT

By and Between

CAPRAIL I, INC.

and

STATE OF OHIO DEPARTMENT OF TRANSPORTATION

Dated as of April 15, 1992

L E A S E A G R E E M E N T

This Lease Agreement ("Lease"), made and entered into as of this 15th day of April, 1992, by and between CAPRAIL I, INC., a corporation organized and existing under the laws of the State of Ohio ("Lessor"), and the State of Ohio Department of Transportation (the "Lessee").

W I T N E S S E T H:

WHEREAS, the purpose of this Lease is to provide an approximately 160 mile rail line from Columbus, Ohio to near Mingo Junction, Ohio for the use of Lessee;

WHEREAS, Lessor plans to acquire the approximately 160 mile rail line known as the Panhandle Line as described in Exhibit A; and

WHEREAS, Lessor wishes to lease to the Lessee, and the Lessee wishes to lease from Lessor, such rail line, subject to the terms and conditions set forth in this Lease.

NOW THEREFORE, in consideration of the rent to be paid hereunder and the covenants and agreements contained herein, it is agreed by and between the parties as follows:

Section 1. Certain Defined Terms and References. (a) In addition to the terms defined elsewhere in this Lease, the following terms have the meanings given below unless the context clearly requires otherwise:

"Additional Rent" means the payments required to be made pursuant to Section 7 in addition to the Base Rent.

"Appropriation Period" means the biannual period for which the state legislature, appropriates funds. Under current law, the State operates on a fiscal biennium running from July first on an odd-numbered year to June 30 in the next odd-numbered year.

"Assignment Agreement" or "Lease Assignment Agreement" means the Lease Assignment Agreement dated as of April 15, 1992 by and between Lessor and Trustee whereby Lessor absolutely assigns its rights and interests in the Lease to the Trustee.

"Assignee Lessor" means the Trustee, or its successor, as assignee of the Lessor pursuant to Section 19 hereof.

"Authorized Officer", when used:

(i) With respect to Lessee, means the Director of the Ohio Department of Transportation or any other officer of Lessee who is designated in writing by the Lessee as an Authorized Officer for the purposes of this Lease.

(ii) With respect to Lessor, means the President of Lessor or any other officer of Lessor who is designated in writing by the Board of Directors of Lessor as an Authorized Officer for purposes of this Lease.

(iii) With respect to any successor to Lessor as the Lessor, means the officer of the successor who is designated in writing by the successor's governing body as an Authorized Officer for purposes of this Lease.

"Bankruptcy Remote" means, with respect to a corporation or other organization, a single purpose corporation or organization organized solely to lease the Leased Facilities to the Lessee and so structured so the Lease Payments made by the Lessee will not be subject to the automatic stay provisions of Section 362(a) of Title 11 of the United States Code or constitute avoidable preferences within the meaning of Section 547(b) of Title 11 of the United States Code.

"Base Rent" means the payments, including the principal and interest components thereof, specified in Exhibit B.

"Business Day" means any day other than (i) a Saturday or Sunday, or (ii) a day on which the Federal Reserve System or banking institutions in the City of New York, New York or the City of Cincinnati, Ohio or the city in which the principal corporate trust office of the Trustee or any Paying Agent is located are authorized or obligated by law or executive order to be closed.

"Capital Guaranty" means the Capital Guaranty Insurance Company, a corporation organized under the laws of Maryland.

"Certificates" means the Certificates of Participation issued pursuant to the Trust Agreement.

"Code" means the Internal Revenue Code of 1986, as amended and regulations prescribed under that Section and any subsequent amendments or modification thereto.

"Contract" means the Purchase and Sale Agreement dated as of November 20, 1991 by and between Consolidated Rail Corporation, a Pennsylvania corporation and Columbus & Ohio River Railroad Company, an Ohio corporation (C&OR) and assigned to Lessor pursuant to the Assignment of Purchase Contract among Consolidated Rail Corporation, C&OR and Lessor dated as of its date.

"Defeasance Obligations" means (a) cash, (b) State and Local Government Series issued by the United States Treasury ("SLGS"), (c) United States Treasury bills, notes and bonds, as traded on the open market; and, (d) Zero Coupon United States Treasury Bonds.

"Event of Default" means any Event of Default described in Section 20.

"Event of Nonappropriation" means an event of nonappropriation as described in Section 8 hereof.

"Financial Guaranty Bond" means the financial guaranty bond issued by Capital Guaranty simultaneously with the issuance and delivery of the Certificates.

"Independent Counsel" means any attorney or attorneys duly admitted to practice law before the highest court of any state and not an officer or full time employee of Lessor or Lessee and who is not reasonably objected to by Lessee.

"Lease" means this Lease Agreement as the same may be amended or supplemented from time to time.

"Lease Payments" means the sum of the Base Rent and Additional Rent due at or during a stated time.

"Lease Payment Account" means the Lease Payment Account to receive Lease Payments, as established pursuant to the Trust Agreement.

"Lease Payment Date" means the fifth Business Day of each month during the Lease Term commencing May 7, 1992.

"Lease Term" means the initial term of the Lease (April 15, 1992 through June 30, 1993), and any renewal periods (Appropriation Periods) during which the terms and conditions of this Lease are in force pursuant to Section 6 hereof.

"Leased Facility" means the approximately 160 mile rail line described in Exhibit A and any replacements or additions thereto permitted under the provisions of Section 13 hereof.

"Lessor" means CAPRAIL I, INC., or its successors or assigns, including specifically the Trustee upon the assignment to the Trustee contemplated by Section 19 hereof.

"Mortgage" means the seven Open-End Mortgage and Security Agreements between the Lessor and Trustee dated as of April 15, 1992 as the same may be amended or supplemented from time to time which are collectively referred to as the Mortgage.

"Operating Agreement" means the Operating Agreement entered into by Lessee and The Columbus & Ohio River Railroad (the "C&OR") dated December 9, 1991 as the same may be amended or supplemented from time to time.

"Operator" means, initially, the C&OR but shall also mean any successor operator of the Leased Facility under the Operating Agreement or any subsequent Operating Agreement.

"Permitted Investments" means any of the following, with an appropriate market value and of an appropriate maturity:

1. Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof hereinafter designated when such obligations are backed by the full faith and credit of the United States of America. These are limited to:

- U.S. Treasury obligations
All direct or fully guaranteed obligations
- Farmers Home Administration
Certificates of beneficial ownership
- General Services Administration
Participation certificates
- U.S. Maritime Administration
Guaranteed Title XI financing
- Small Business Administration
Guaranteed participation certificates
Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
GNMA-guaranteed mortgage backed securities
GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development
Local authority bonds

- Washington Metropolitan Area Transit Authority
Guaranteed transit bonds.
2. Obligations of instrumentalities or agencies of the United States of America. These are specifically limited to:
- Federal Home Loan Mortgage Corporation (FHLMC)
Participation certificates
Debt Obligations
 - Federal Home Loan Banks (FHL Banks)
Consolidated debt obligation
Letter of credit (LOC) backed issues
 - Federal National Mortgage Association (FNMA)
Debt obligations
Mortgage backed securities (Excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal).
- Book entry securities listed in 1 and 2 above must be held in a trust account with the Federal Reserve Bank or with a clearing corporation or chain of clearing corporations which has an account with the Federal Reserve Bank.
3. Federal Housing Administration debentures.
4. Commercial paper, payable in the United States of America, having original maturities of not more than 92 days and which are rated in the highest rating category by Standard & Poor's Corporation.
5. Interest bearing demand or time deposits issued by state banks or trust companies, savings and loan associations, federal savings banks or any national banking associations, the deposits of which are insured by the Bank Insurance Fund (BIF) or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation (SAIF) or any successors thereto. These deposits: (a) must be continuously and fully insured by BIF or SAIF or (b) must have maturities of less than 366 days and be deposited with banks the short term obligations of which are rated A-1+ by Standard and Poor's Corporation.
6. Money market mutual funds or portfolios investing in short-term US Treasury securities rated AAA by Standard & Poor's Corporation. Trustee shall provide Capital Guaranty annual certification that the money

market portfolio into which funds are invested is then rated AAA by Standard & Poor's and, upon notice that the Standard & Poor's rating of the money market portfolio has dropped below AAA, the Trustee shall immediately withdraw funds and reinvest in Permitted Investments.

7. Such other investments as are approved in writing by Capital Guaranty Insurance Company.

All funds and accounts are to be mark to market valuation conducted on a quarterly basis by the Trustee. The Trustee shall promptly deliver copies of such quarterly valuations to Capital Guaranty.

"Purchase Price" means, as of any Purchase Price Date, the amount set forth in Exhibit C, which Lessee may pay to Lessor to purchase the Leased Facility.

"Purchase Price Date" means the applicable date set forth in Exhibit C on which Lessee may purchase the Leased Facility by payment of the applicable Purchase Price to Lessor which shall include all of the principal outstanding on the Certificates, accrued interest and any redemption premium on the Certificates and the fees and expenses of the Trustee.

"Redemption Account" means the Redemption Account to redeem Certificates, as established pursuant to the Trust Agreement.

"State" means the State of Ohio.

"Trust Agreement" means the "Trust Agreement Relating to the Financing of the Panhandle Rail Line" between Lessor and The Central Trust Company, N.A., as Trustee, dated as of April 15, 1992, as the same may be amended or supplemented from time to time in accordance with its terms.

"Trustee" means the Trustee under the Trust Agreement.

(b) References to sections or exhibits, unless otherwise indicated, are to sections of or exhibits to this Lease.

Section 2. Assignment of Warranties. Lessor shall assign to Lessee during the Lease Term pursuant to a separate Assignment Agreement, all rights and interests it has received in connection with the Leased Facility, and all warranties, including manufacturers' warranties, if any, express or implied with respect to the Leased Facility. Such assignment shall include an authorization to Lessee to obtain the customary

services furnished in connection with those warranties, at Lessee's expense.

Unless and only to the extent otherwise expressly provided in this Lease, this Lease shall not modify, affect or supersede the respective liabilities, obligations, rights, duties and responsibilities of Lessor and the Lessee under the Contract.

Section 3. Lease of Leased Facility. Lessor hereby demises, leases and lets to Lessee, and Lessee rents, leases and hires from Lessor, the Leased Facility in accordance with the provisions of the Lease, to have and to hold for the Lease Term.

Section 4. Approval of Acquisition of Leased Facility. Lessee has approved the terms, inventories, rights, interests and specifications relating to the acquisition of the Leased Facility, and shall approve all modifications, changes, and amendments to such Contract. The assignment of Lessor's rights, title and interest in and under the Lease, provided for in Section 19 shall provide that Lessee shall have the right to cause the acquisition of the Leased Facility to be completed in accordance with the terms of this Lease, the Contract, the Trust Agreement and any applicable requirements of governmental authorities.

Section 5. Acceptance of Leased Facility. Acceptance of the Leased Facility by the Lessee shall be in accordance with and as contemplated by the provisions of the Contract. That acceptance shall not be unreasonably withheld or delayed. Acceptance of the Project (or nonacceptance, as the case may be) shall not affect the obligation of Lessee to make Lease payments under Section 7(b) hereof and payment of Additional Rent, which obligations are absolute and unconditional. Notice of acceptance of the Leased Facility shall be given by the Lessee to Capital Guaranty at their notice address provided in 7.06 of the Trust Agreement on the date of delivery of the Certificates.

Section 6. Term. The initial term of the Lease shall commence as of April 15, 1992 and shall end at twelve o'clock midnight of the last day of the state's fiscal biennium, currently June 30, 1993 (the "Initial Term").

The Lessee shall have the right to renew the term of the Lease for successive terms (each, a "Renewal Term") until April 15, 2012 or such later date if the Certificates are not yet fully paid and Lessee's obligations hereunder are still outstanding.

Subject to any change in the dates of the State's fiscal biennium, or the length of the last Renewal Term, each

such successive Renewal Term shall be for a term equal to a two year period. Each Renewal Term shall commence on the day succeeding the expiration of the preceding term and end at midnight of the last day of any fiscal biennium, currently June 30 of every odd-numbered year or, with respect to any Renewal Term commencing within two years of April 15, 2012 or any other date provided pursuant to the preceding paragraph, such lesser period as necessary to have such Renewal Term expire on April 15, 2012, upon the same terms as are contained in the Lease, unless sooner terminated in accordance with the provisions of the Lease and the Trust Agreement. The Lessee shall be deemed to have exercised its right to renew the term of the Lease and the Lease shall be renewed, upon the effectiveness (and the certification of the Director of Budget and Management), as or prior to the expiration of the Initial Term or Renewal Term then in effect, of legislation enacted by the General Assembly appropriating funds for rail purposes at least equal to the estimated Base Rent and amounts the Lessee estimates are necessary for Additional Rent and other sums payable under the Lease during the next succeeding Renewal Term Period. Immediately upon the effectiveness of such legislation, the Director of Budget and Management, shall certify, pursuant to Ohio Revised Code, that there is a balance, not already obligated to pay existing obligations, in the appropriation available to pay such Base Rent and Additional Rent during such succeeding Renewal Term, and the Lessee shall, within fifteen (15) days after the effectiveness of such legislation, deliver to the Trustee and Capital Guaranty (at its notice address provided in Section 7.06 of the Trust Agreement) written evidence of such certification.

The Lease shall terminate upon the earliest of any of the following events:

1. The exercise by the Lessee of an option to purchase the Leased Facility granted under the provisions of this Lease;
2. The occurrence of an Event of Default, as defined in this Lease, by the Lessee and the Trustee's election to terminate this Lease;
3. The payment by the Lessee of all Lease Payments and other payments due under the Lease during the term of this Lease and all renewals;
4. Subject to Section 8, the occurrence of an Event of Non-Appropriation;
5. The foreclosure of the Leased Facility by the Trustee pursuant to the Mortgage; or

6. Defeasance of this Lease pursuant to Section 22 hereof.

Section 7. Rent. (a) Lessee agrees to pay to Lessor during the Lease Term the Lease Payments, including the interest components thereof, equal to the amounts provided below in this Section. The Lease Payments during the Lease Term will be absolute and unconditional in all events and will not be subject to any set-off, defense, counterclaim or recoupment for any reason whatsoever. Lessee hereby pledges all payments received from the operation of the Leased Facility after payment of the costs of operating the Leased Facility (including the payment made by the operator of the Leased Facility) to the Lessor. However, to the extent payments have been made on a timely basis by the Operator under the terms of its agreement with the Lessee to operate the Leased Facility, and such payments have not been remitted by the Lessee to the Lessor, the Lessor shall look only to the Lessee, and not to the Operator, to recover such payments. No consideration shall be given to the payments to be due from the Operator under the Operating Agreement.

Lessee covenants to include in its proposed budget submitted to the Director of Budget and Management as a separate line item the appropriate requisition for the full payment of the Lease Payments hereunder due within the Appropriation Period. In the event that the appropriation is not established for the Lessee by the General Assembly, then the deputy director of the rail division of Lessee shall encumber, as the Department's first priority use of its appropriated 403 Rail Development funds and its 412 Business Rail Development funds an amount sufficient to fund the lease payments plus an amount for Additional Rent as set forth hereinbefore in this Lease. No consideration shall be given to the payments to be due from the Operator under the Operating Agreement or any other source when the Lessee makes its appropriation request.

(b) Lessee agrees to pay as Lease Payments directly to the Trustee the amounts specified in Exhibit B on each Lease Payment Date. Each payment shall be applied first to payment of the interest component of the respective Lease Payment; provided, however, Lessee may make advance payments of principal components of Base Rent. On or before the first day of each month beginning May 1, 1992, the Operator is obligated to pay to the Trustee for and on behalf of the Lessee the full Lease Payment due on the Lease Payment Date being the fifth Business Day of that month beginning May 7, 1992. If the Trustee does not receive the full Lease Payment or receives only a partial payment amount from the Operator, the Trustee will immediately give notice to the Lessee and Capital Guaranty by telephonic notice followed by written notice of the failure of the Operator to deposit funds into the Certificate Payment Account.

The Lessee must deposit the amount of the complete Lease Payment then due on or before the Lease Payment Date. If the Lessee fails to deposit the Lease Payment by that date, the Trustee will give Capital Guaranty the notice required by the Trust Agreement.

(c) Lessor and Lessee acknowledge that this Lease is a "triple net" lease and as a consequence, Lessee is solely responsible for the ongoing expenses incurred in the administration of the Leased Facility and its operation. Those ongoing expenses which are the responsibility of the Lessee include costs incurred in maintaining liability and property damage insurance policies, licenses, recordation and other fees, maintenance and repair costs and sales, the personal property, real property taxes imposed on the Leased Facility, Lessee or Lessor except as stated below. Lessee agrees to pay to the Trustee the following amounts as Additional Rent during the Lease term or any renewal thereof an amount estimated by the Lessee to be equal to the following expenses or any other expense required hereunder to be paid by the Lessee:

(i) Lessee acknowledges that no provision has been made for the inclusion of any charges or taxes in the Base Rent. Consequently, during the Lease Term, the ownership, leasing, rental, sale, purchase, possession or use of the Leased Facility resulting in the imposition on Lessor of any charges or taxes (local, State or federal), exclusive of taxes on or measured by Lessor's income, shall result in the requirement that Lessee shall promptly pay to Lessor, upon receipt from Lessor of a statement therefor, as Additional Rent an amount equal to those charges and taxes imposed on Lessor.

(ii) All reasonable costs and expenses incurred or to be paid by the Lessor or the Trustee under the Lease or the Trust Agreement, including any Trustee's fees (being \$3,500 per year) and expenses, Trustee's attorney fees, amounts owing by Lessee under Section 3.10 of the Trust Agreement, Lessor's out-of-pocket expenses, Lessor's attorney fees incurred during the term of the Lease which were not part of the original cost of the Leased Facility but which resulted from duties, services performed by either the Trustee or Lessor (or their respective attorneys) in connection with the Leased Facility.

(iii) Transfers from the Reserve Account (other than transfers of surplus investment income) to the Certificate Payment Account (as defined in the Trust Agreement) made pursuant to Section 4.06 of the Trust Agreement in the case of moneys in the Certificate

Payment Account being less than the amount of a semiannual payment then due or in the event the Value of the Permitted Investments is below the Reserve Requirement (as defined in the Trust Agreement).

(iv) Amounts representing costs of maintenance of the Leased Facility, property and liability insurance premiums, rebateable amounts and amounts advanced by the Trustee pursuant to this Lease.

(v) Amounts representing costs and expenses incurred by the Lessor and Trustee to which the Lessee agrees to reimburse pursuant to Section 12(e) hereof.

During the Initial Term of the Lease, the Lessee agrees to pay \$15,000 which will serve to provide Additional Rent under Section 7(c) and will meet the Lessee's obligations under Section 12 and Section 16 of this Lease. For each renewal period prior to April 1 of each odd-numbered year, the Lessee shall submit to the Trustee and the Director of Budget and Management a proposed budget to provide for the payment of the above Additional Rent (based upon the best efforts of the Lessee to estimate such amounts) and the Lessee's obligations under Section 12 and Section 16 of this Lease. This proposed budget is subject to the review and written approval of the Director of Budget and Management. The Lessee shall include the budgeted amount as approved by the Director of Budget and Management, in its request for appropriation for the next Appropriation Period. Payment of Additional Rent is subject to Appropriation following the above-stated procedure.

(d) If Lessee shall not pay all or any part of any Additional Rent referred to in Section 7(c) above, Trustee on behalf of the Lessor, or the Lessor, shall have the right, but not the obligation, to pay or advance the Additional Rent and Lessee may, in order to avoid default hereunder, pay a default charge equal to .8 of one percent (1%) per month of the unpaid balance of the funds so paid or advanced. If Trustee or Lessor pays or advances such Additional Rent and is repaid by the first Lease Payment Date in the next succeeding renewal period, then such failure to pay shall be deemed to be cured and shall not be deemed to be an event of default under Section 20 of the Lease.

(e) Lease Payments shall be payable at the principal corporate trust office of the Trustee or at such other place as Lessor may from time to time designate in writing.

Section 8. Non-Appropriation of Funds-Event of Non-Appropriation. If, on or before June 30 of any odd-numbered year, the State legislature has not appropriated

either as a separate line item or as a part of its 403 or 412 Rail Funds amounts to the Lessee for rail purposes sufficient to make the payments due under this Lease for the succeeding Renewal Term ("Event of Non-Appropriation"), the Lessee shall promptly notify the Trustee, the Lessor and Capital Guaranty (at its notice address provided in Section 7.06 of the Trust Agreement) of such matters. Thereupon, regardless of whether such notice is actually received, the Lease will terminate at the end of the Lease Term or the Renewal Term unless there are available non-appropriated funds (but not including funds in the Reserve Account) legally available to make Lease Payments during the next Renewal Term. The Lessee will also promptly notify Capital Guaranty (at its notice address provided in Section 7.06 of the Trust Agreement), if the appropriation is not in a separate line item but is provided in sufficient amounts to make payments due under the Lease for the succeeding Renewal Term in its 403 or 412 Rail Funds.

Notwithstanding the immediately preceding paragraph, the Lease (i) shall be renewed if by October 1 of each odd-numbered year the Lessee delivers a written statement to the Trustee that sufficient funds are legally available for making all Lease Payments due under the Lease during the next renewal period and that such funds have been made available for the purpose of paying all Base Rent and Additional Rent, together with such statement, the Lessee shall also deliver to the Trustee records, certificates, minutes of meetings or other evidence reasonably satisfactory to the Trustee as to the availability of such funds, and (ii) will continue in effect for the next renewal period so long as there is an appropriation for such purpose or other funds legally available on each Lease Payment Date sufficient to pay all Base Rent and Additional Rent then due and payable.

If the Lease terminates as a result of an Event of Non-Appropriation and the Lessee has not exercised its option to purchase the Leased Facility pursuant to Section 18 of this Lease, the Lessee shall surrender possession of the Leased Facility. At the direction of Capital Guaranty or a committee of Certificate Owners with the consent of Capital Guaranty, representing at least 51% in aggregate principal amount of all Certificates Outstanding (as defined in the Trust Agreement) of the Certificate Owners, the Trustee may employ a leasing or sales agent and the Leased Facility may be re-let or sold. The Trustee in acting for and on behalf of the majority of Certificate Owners will, to its satisfaction, be covered for the costs of reletting the Leased Facility as provided in the Trust Agreement. However, the Lessee will have no obligation to make any further payments with respect to the Leased Facility, and will have no liability to the Trustee or the Owners for the unpaid principal amount of the Certificates or

the interest which accrues for such renewal period for which no appropriation was made. No penalty, expense, or liability shall result to the Lessee due to termination of the Lease under this Section.

Section 9. Authority and Authorization. Lessee will deliver to Lessor an opinion of its counsel to the effect that: (i) the Lessee is an agency of the State; (ii) the execution, delivery and performance by the Lessee of this Lease have been duly authorized by all necessary action on the part of the Lessee; and (iii) this Lease constitutes a legal, valid and binding obligation of the Lessee enforceable in accordance with its terms. Lessee agrees that: (i) it will do or cause to be done all things necessary to preserve and keep the Lease in full force and effect; (ii) it has complied with all requirements applicable to it, and has taken all steps for approval and adoption of this Lease as valid and binding on its part; (iii) sufficient funds are appropriated to pay all amounts due under this Lease for the current Appropriation Period; (iv) funds appropriated to the Lessee for rail purposes and not specifically earmarked to a project other than the Leased Facility by the Ohio General Assembly shall be reserved for payment of Base Rent and Additional Rent except that to the extent such funds so reserved are not expended for such purposes because of payments made on behalf of the Lessee under the Operating Agreement such funds or any agreement made in substitution of the Operating Agreement shall immediately be available to Lessee for its use and purpose and (v) the Lessee will deliver to the Trustee upon each renewal for an Appropriation Period, a certificate of availability of funds from the Director of the Ohio office of Management and Budget, Lessee does not, and cannot, warrant or covenant to Lessor (or any other person or entity) that the appropriation(s) required from time to time to renew the Lease will occur.

Section 10. Title. (a) Lessor will retain title to the Leased Facility during the Lease Term but will grant a Mortgage lien to the Trustee pursuant to the Mortgage. Lessor and Lessee agree that this Lease or any other appropriate documents may be filed or recorded to evidence the parties' respective interests in the Leased Facility and the Lease.

(b) The Leased Facility shall become the property of Lessee and title thereto shall pass to Lessee upon (i) Lessee's exercise of the purchase option granted in Section 18 hereof, or (ii) defeasance of this Lease pursuant to Section 22 hereof, or (iii) the complete payment and performance by Lessee of all of its obligations during the Lease Term. In any of such cases, Lessor agrees to execute such instruments and do such things as Lessee reasonably requests in order to effectuate transfer of any and all of Lessor's right, title and interest in the Leased Facility, as is, to Lessee, without warranty,

express or implied by the Trustee, as Assignee Lessor, except that the Trustee, as Assignee Lessor, will warrant to Lessee that the Leased Facility is free and clear of any liens created by Trustee, as Assignee Lessor, and the Trustee will file a satisfaction of the Mortgage.

Section 11. Property. The Leased Facility is and will constitute real property and personal property.

Section 12. Use; Maintenance and Repair; Indemnification. (a) Lessee will, (i) operate the Leased Facility in a careful manner for the use contemplated by this Lease and the Ohio Revised Code with respect to rail transportation facilities; (ii) comply with all laws, insurance policies and regulations relating to the use, maintenance and operation of the Leased Facility; and (iii) pay all costs, claims, damages, fees and charges arising out of its possession, use or maintenance of the Leased Facility.

(b) Lessee, at its expense, (i) obtain and maintain all licenses and permits required for the ownership and operation of the Leased Facility, (ii) will cause the Leased Facility to be kept in safe condition, both inside and out and (iii) cause the Panhandle Branchlines to be maintained to a minimum of FRA Safety Class I Standards and Panhandle Mainlines to FRA Safety Class II Standards, however in the event Lessee determines that a segment of each the Panhandle Branchlines or Panhandle Mainlines is not needed to serve users Lessee shall not be required to maintain to said standards. Any determination of Lessee that a segment of the Panhandle Mainline or Panhandle Branchlines are not needed to serve users shall be reviewed by an independent rail consultant and verified in writing as accurate.

(c) Lessee will repair and maintain, or by contract provide for the proper repair and maintenance of, the Leased Facility in accordance with this Section 12 during the Lease Term.

(d) Lessor agrees that during the Lease Term it will not impair the Lessee's abilities to operate or maintain the Leased Facility in sound operating condition so that the Leased Facility will be able to carry out its intended functions.

(e) Lessee releases Lessor and the Trustee from, and agrees that they shall not be liable for costs and expenses (including, without limitation, reasonable attorneys' fees and expenses except as may be limited by law or judicial order or decision entered in any action brought to recover moneys under this Section) imposed upon, incurred by or asserted against either Lessor or the Trustee on account of (a) ownership of any interest in the Leased Facility or any part thereof, (b) any

accident, injury or death to persons or damage to property occurring on or about the Leased Facility or any part thereof or the adjoining curbs, streets or ways, (c) any use, disuse or condition of the Leased Facility or any part thereof, or the adjoining curbs, streets or ways, (d) any failure on the part of Lessee to perform or comply with any of the terms hereof or (e) the performance of any labor or services or the furnishing of any materials or other property in respect of the Leased Facility or any part thereof. In case any action, suit or proceeding is brought against Lessor or the Trustee for any such reason, Lessee, upon the request of Lessor or the Trustee, will at Lessee's expense, cause such action, suit or proceeding to be resisted and defended by Independent Counsel to the extent that it is not provided for by the insurance carrier. Such amounts shall constitute Additional Rent hereunder, and be subject to appropriation as provided in Section 7 hereof.

Upon the mutual consent of Lessor and Lessee and approval of the Attorney General, the Attorney General of Lessee may represent both Lessor and Lessee in instances where legal proceedings are brought against both the Lessor and Lessee with respect to this Lease or the Leased Facility.

Lessor agrees to indemnify and save harmless Lessee against and from any and all cost, liability, expenses and claims arising from any breach or default on the part of Lessor in the performance of any covenant or agreement on the part of Lessor to be performed pursuant to the terms of this Lease, or arising from any act or negligence of or failure to act by Lessor, or any of its agents, contractors, servants, employees, or licensees, and from and against all cost, liability and expenses incurred in or in connection with any such claim or action or proceeding brought thereon; and in case any action or proceeding be brought against Lessee by reason of any such claim, Lessor upon notice from Lessee covenants to resist or defend such action or proceedings at Lessor's expense.

Section 13. Alterations. Following completion of the acquisition and construction called for under the Contract, Lessee will not make any alterations, additions, substitutions or replacements to the Leased Facility which would have an adverse effect on either the functionality or value of the Leased Facility without the prior written consent of the Assignee Lessor, which consent shall not be unreasonably withheld, unless such alterations, additions, substitutions, replacements or improvements may be readily removed without damage to the Leased Facility. Any alterations, additions or improvements to the Leased Facility which may not be readily removed without damage to the Leased Facility, and any substitutions or replacements, shall be and be considered to constitute a part of the Leased Facility.

Section 14. Location; Inspection. Except for removal for repair or replacement, no part of the Leased Facility will be removed without the prior written consent of the Assignee Lessor, which consent will not be unreasonably withheld. Lessor will be entitled during reasonable business hours to inspect, or observe the use and operation of the Leased Facility.

Section 15. Liens and Encumbrances. Lessee and Lessor shall keep the Leased Facility free and clear of all liens and encumbrances except those created or permitted under this Lease and the lien of the Mortgage.

Section 16. Risk of Loss; Damage; Destruction. Lessee assumes all risk of loss or damage to the Leased Facility from any cause whatsoever. No loss of or damage to, or appropriation by governmental authorities of, or defect in or unfitness or obsolescence of, the Leased Facility will relieve Lessee of the obligation under this Lease. To the extent funds are appropriated for such purpose and certified by the Director of Budget Management or otherwise legally available for such purpose, Lessee will cause the prompt repair or replacement of any portions of Leased Facility lost, destroyed, damaged or appropriated which are necessary to maintain the Leased Facility in sound operating condition so that at all times during the Lease Term the Leased Facility will be able to carry out its intended functions.

Section 17. Insurance. During the term of the Lease the Lessee will cause the Operator, or will itself, maintain commercial liability insurance for bodily injury and property insurance coverage, in an amount not less than FIVE MILLION DOLLARS (\$5,000,000.00) per each individual claim in regard to the operation of rail service on the Leased Facility. The Operator shall provide to Lessee and Capital Guaranty within ten (10) days before the execution of this Agreement, a copy of such insurance coverage. Lessee's acceptance of Operator's insurance shall be in writing from Lessee's Director. The Lessee shall require the initial Operator (and any successor Operator) to at all times maintain commercial liability insurance for bodily injury and property insurance coverage on the Leased Facility in the amounts and on the items stated in the Operating Agreement and said insurance policies shall name the Trustee as an Additional Named Insured. Subject to the procedures of the State of Ohio for the purchase of insurance for State agencies, in the event Operator fails to provide coverage, the Lessee itself will provide such coverage in the amounts and on the terms stated in the Operating Agreement.

Evidence of all insurance must be provided by Lessee to Capital Guaranty annually on or before the anniversary date of issuance of the Financial Guaranty Bond. Notice of

cancellation of any of said insurance must be furnished to Capital Guaranty by the insurance carrier 30 days in advance of such cancellation. Capital Guaranty must be notified immediately by the Lessee or Trustee in the event of a failure to renew or deficiencies in coverage.

The Operating Agreement shall require Operator to agree to indemnify and hold Lessee and Lessor harmless from and against any loss, claim, damage, cause of action, destruction, liability, (including without limitation, strict or absolute liability in tort or by statute imposed) charge, cost or expense (including, without limitation, counsel fees) caused by the Operator's negligent, reckless, intentional, willful or wanton actions or inactions, including such actions or the failures to act of any contractors, subcontractors or employees hired by the Operator under the Operating Agreement or otherwise arising in any way or connected with the Leased Facility.

Additionally, the Operating Agreement shall provide that in no event shall the Operator or any of its employees, agents, contractors or subcontractors be considered agents or employees of Lessee. The Operator shall agree that none of its employees, agents, contractors or subcontractor shall hold themselves out as, or claim to be, agents, officers or employees of Lessee, and will not, by reason of any relationship with Lessee, make any claim, demand or application to any agent, officer, or employee of the Lessee including, but not limited to, rights and privileges concerning worker's compensation benefits, social security coverage or retirement membership or credit.

Section 18. Purchase Option. Lessee, upon written notice to Lessor at least 90 days prior to any Purchase Price Date, shall have the right to purchase the Leased Facility on any such Purchase Price Date by paying to Lessor the Lease Payment then due together with the Purchase Price relating to that date as further defined in Exhibit C hereto.

Section 19. Assignments. (a) Lessee may not, without the prior written consent of Assignee Lessor and Capital Guaranty: (i) assign, transfer, pledge, hypothecate or grant any security interest in or otherwise dispose of this Lease or the Leased Facility (without replacement or substitution) or any interest in this Lease or the Leased Facility, or (ii) sublease the Leased Facility; provided that any Sublease shall terminate upon termination of the Lessee's rights hereunder. Before any assignment or sublease, Lessor shall receive an opinion of Bond Counsel that the assignment or sublease will not adversely affect the excludability from gross income of the interest on the Certificates for federal income tax purposes.

(b) CAPRAIL I. INC., as Lessor, represents, and Lessee acknowledges, that CAPRAIL I, INC. shall assign without recourse to the Trustee its rights, title and interest in and to this Lease, the Leased Facility and all Lease Payments and other documents executed with respect to this Lease and furthermore Lessor consents to the operation of the Leased Facility by the Operator pursuant to the Operating Agreement.

(c) Subject to the preceding subsections, this Lease inures to the benefit of and is binding upon the successors or assigns of the parties to this Lease.

Section 20. Events of Default. The occurrence of any one or more of the following events constitutes an "Event of Default" under this Lease:

(a) Lessee's failure to make any Lease Payment (or any other payment) as it becomes due in accordance with the terms of this Lease;

(b) Lessee's failure to perform or observe any other covenant, condition or agreement to be performed or observed by it under this Lease, and the failure is not cured or steps satisfactory to Assignee Lessor taken to cure the failure, within 15 days after written notice of the failure to Lessee by Lessor; or

(c) The discovery by Lessor that any material statement, representation or warranty made by Lessee in this Lease or in any writing delivered by Lessee pursuant to or in connection with this Lease is false, misleading or erroneous in any material respect.

Section 21. Remedies. Upon the occurrence of an Event of Default, and as long as the Event of Default is continuing, Lessor may, at its option, exercise any one or more of the following remedies as to the Leased Facility, to whichever the Event of Default pertains:

(a) By written notice to Lessee, declare an amount equal to all amounts then due under this Lease and all remaining Lease Payments due during the Lease Term (being the then current Appropriation Period) to be immediately due and payable, whereupon that amount shall become immediately due and payable;

(b) By written notice to Lessee, enter and take immediate possession of the Leased Facility;

(c) Sell or lease the Leased Facility or sublease it for the account of Lessee, holding Lessee liable (but only to

the extent Lessee has received funds for this purpose from the Operator or certified as legally available by the Director of Budget and Management) for all Lease Payments and other payments due during the Lease Term to the effective date of such selling, leasing or subleasing and for the difference between the purchase price, rental and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease and the amounts payable during the Lease Term by Lessee under this Lease; and

(d) Proceed by appropriate court action to enforce the terms of this Lease or the Mortgage or to rescind this Lease as to any or all of the Leased Facility.

Lessee will remain liable for all covenants and obligations under this Lease, when a court of competent jurisdiction has finally adjudicated that an Event of Default has occurred.

Section 22. Defeasance. (a) All Lease Payments will be deemed to be paid when:

(i) Defeasance Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without further investment or reinvestment, of sufficient money, or a combination of both, are irrevocably deposited with or made available to the Lessor in trust and irrevocably set aside exclusively for payment of (A) the Purchase Price on a designated Purchase Price Date or (B) all Lease Payments through April 15, 2012 when due; and

(ii) All reasonable, necessary and proper fees, compensation and expenses of the Trustee specifically provided for in the Lease and the Trust Agreement, as they relate to the Leased Facility, and its duties in connection therewith are paid or provided for.

(b) When all Lease Payments are deemed paid, as provided above, and the Trustee has received the unqualified written legal opinion of nationally recognized bond counsel to the effect that the deposit of money or Defeasance Obligations in trust will not cause the Lease Payments, thereafter payable from those sources, designated as interest component on Exhibit B to be subject to federal income tax under the Internal Revenue Code of 1986, as amended, the Lessor will be entitled to payment of those Lease Payments solely from that money or the proceeds of those Defeasance Obligations and the right, title and interest of the Lessor and Lessee under this Lease as to the Leased Facility shall then cease, terminate and become void and, if Lessee has exercised its option to purchase the Leased

Facility and tendered all payments as required by Section 18 hereof, Lessor shall immediately cause all rights, title and interest in the Leased Facility to be conveyed to Lessee.

Prior to any defeasance becoming effective under this Lease, the Trustee shall have received the items required by Section 7.03 of the Trust Agreement.

Section 23. Appointment of Trustee. Upon receiving notice of the resignation of the Trustee or a successor Trustee, Lessor will exercise its right under the Trust Agreement and in writing appoint a successor Trustee within 30 days after receipt of that notice.

Section 24. Notices. All notices to be given under this Lease shall be made in writing and mailed by certified or registered mail, return receipt requested, to the party at its address stated below or at such other address as the party may provide in writing from time to time. All parties listed below shall be sent a copy of any notice sent to any party pursuant to this Lease.

If to Lessor: CAPRAIL I, INC.
425 Walnut Street, Suite 2200
Cincinnati, Ohio 45202

If to Trustee as
Assignee Lessor: The Central Trust Company, N.A.
Central Trust Center
Cincinnati, Ohio 45202
Attention: Corporate Trust
Department

If to Lessee: Ohio Department of Transportation
25 South Front Street
Columbus, Ohio 43216-0899

and a copy to the Attorney
General of the State of Ohio
c/o Chief, Transportation Section
Attorney General
Ohio Department of Transportation
25 South Front Street
Columbus, Ohio 43216

Section 25. Headings. All section headings contained in this Lease are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

Section 26. Governing Law. This Lease shall be construed in accordance with and governed by the laws of the State of Ohio. Any litigation arising out of or relating in

any way to this Lease shall be brought in a court of competent jurisdiction in Franklin, County, Ohio.

Section 27. Delivery of Related Documents. Lessee will execute or provide, as requested by Lessor, such other documents and information as are reasonably necessary with respect to the transaction contemplated by this Lease.

Lessor and Lessee agree that this Lease or any other appropriate documents may be filed or recorded to evidence the parties' respective interests in the Leased Facility and this Lease.

Section 28. Lessee's Performance Under Trust Agreement. The Lessee has examined the Trust Agreement, and agrees that Trustee may proceed directly against the Lessee to enforce Lessee's obligation to make Lease Payments and to exercise any other rights or remedies available under the Trust Agreement, this Lease or the Mortgage or pursuant to any other provision of law or equity.

Section 29. Entire Agreement; Amendment; Severability.
(a) This Lease, together with attachments and exhibits, and other documents or instruments executed by Lessee and Lessor in connection with this Lease, constitute the entire agreement between the parties with respect to the lease of the Leased Facility.

(b) This Lease may not be modified, amended, altered or changed except with the written consent of Lessee, Lessor, Capital Guaranty and the Trustee as provided for in the Trust Agreement.

(c) If any provision of, or any covenant, obligation or agreement contained in this Lease is determined by a court to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained in this Lease. The invalidity or unenforceability shall not affect any valid or enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 30. Failure of Lessor to Perform. No Assignee Lessor shall have any liability or obligation to Lessee for any failure of Lessor to perform in accordance with the provisions of the Contract. Any such failure to perform or any other breach by Lessor will not modify Lessee's obligation to pay the Lease Payments during the Lease Term.

Section 31. Actions Relating to Tax Exemption of Interest Components. (a) Lessor and Lessee each covenant that it will restrict the use of moneys realized under this Lease or otherwise in connection with the acquisition and financing of the Leased Facility in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of entering into this Lease, so that there will not exist at any time any obligation in connection with this Lease or the Leased Facility that constitutes an obligation the interest on which is includible in gross income for federal income tax purposes or an "arbitrage bond" under Section 148 of the Code, and the regulations prescribed under that Section and any subsequent amendments or modifications thereto. Any officer of the Lessor or Lessee having responsibility with respect to the execution and delivery of this Lease shall, alone or in conjunction with any other officer, employee or agent of or consultant to the Lessor or Lessee, give an appropriate certificate of the Lessor or Lessee pursuant to Sections 103 and 148 of the Code and those regulations, setting forth the reasonable expectations of the Lessor or Lessee on the date of entering into this Lease regarding this Lease and the use of those moneys.

(b) Lessee represents and covenants that it will not use the Leased Facility, or permit the Leased Facility to be used, in such a manner as would result in the inclusion in gross income for federal income tax purposes of the component of the Lease Payments designated as interest on Exhibit B afforded under Section 103(a) of the Code.

(c) The Lessee will keep accurate accounts of the investment earnings on nonpurpose investments and will timely rebate to the United States (a) the excess of the aggregate amount earned on all nonpurpose investments over the amount which would have been earned if all nonpurpose investments were invested at a rate equal to the yield on the Certificates and (b) any income attributable to such excess, all in accordance with this Section of the Lease.

(d) The Lessor and Lessee each covenant to take all action required to maintain exclusion from gross income for federal income tax purposes afforded under Section 103(a) of the Code, of the Lease Payments designated as the Interest Component on Exhibit B hereto.

Section 32. Special Representations and Covenants of Lessor. (a) Lessor represents that it is an Ohio corporation formed solely for the purpose of owning and financing of the Leased Facilities and the leasing of the Leased Facilities to the Lessee and that such limited purposes are set forth in its Articles of Incorporation and Code of Regulations or other corporate by-laws.

(b) Lessor covenants with the Lessee and the Trustee as Assignee Lessor that no changes or amendments to its corporate purposes as set forth in paragraph (a) above shall be made.

(c) Lessor covenants and agrees with the Lessee and the Trustee as Assignee Lessor that Lessor shall not transfer all or substantially all of its assets to another person or corporation or entity unless such transferee shall be Bankruptcy Remote as evidenced by an opinion of Independent Counsel recognized as an expert in municipal bankruptcy law.

(d) Lessor covenants not to cause additional Certificates to be issued pursuant to the Trust Agreement unless the conditions of the Trust Agreement relating to Additional Certificates are satisfied.

(e) Lessor covenants not to file a voluntary petition in bankruptcy under the United States Bankruptcy Code.

Section 33. No Debt or Tax Pledge of Lessee. No agreement, certificate, covenant or provision contained herein or the breach thereof, and no obligation or duty herein imposed upon the Lessee, shall constitute a debt of the Lessee or any person or cause or create a charge against the general credit or taxing powers of the State. Notwithstanding any other provision of this Lease, all obligations of the Lessee under this Lease are subject to the appropriation of funds for such purposes by the Ohio General Assembly and the certification of the availability of such funds by the Director of Budget and Management pursuant to Ohio Revised Code. Neither the Lessee nor any person shall be obligated to pay any amounts in connection with the transactions contemplated hereby except with respect to funds which have been lawfully appropriated by the General Assembly and then only after a certification of the availability of such appropriation has been made by the Director of Budget and Management pursuant to Ohio Revised Code. Nothing herein shall constitute an obligation to appropriate or cause such funds not presently appropriated to be appropriated at any future time.

Section 34. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Lease Agreement by their authorized officers on the dates of the respective acknowledgments as of April 15, 1992.

WITNESS:

John C. Pitt
[Signature]

STATE OF OHIO DEPARTMENT OF
TRANSPORTATION

By:

[Signature]
Jerry Wray, Director

WITNESS:

Jana Lee Brown
[Signature]

CAPRAIL I, INC.

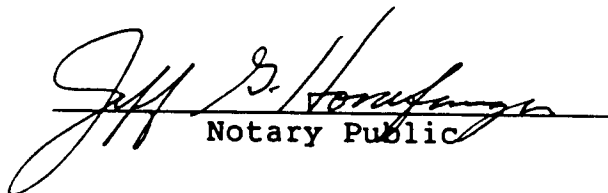
By:

[Signature]
Title: PRESIDENT

STATE OF OHIO)
) SS:
COUNTY OF FRANKLIN)

On this 14th day of April, 1992, before me, a notary public in and for the county and state aforesaid, personally appeared Jerry Wray, to me known and known to me to be the Director of the State of Ohio, Department of Transportation and to me known to be the person who executed the foregoing instrument, and acknowledged the execution thereof to be his free act and deed for the uses and purposes therein mentioned, and acknowledged to me that they did so sign said instrument in the name and upon behalf of said State of Ohio, Department of Transportation as such officer; that the same is his free act and deed as such officer, and the free act and deed of said State of Ohio, Department of Transportation; and that they were duly authorized thereunder.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.


Notary Public

(SEAL)

JEFF G. HONEFANGER
Notary Public, State of Ohio
My Commission Expires 3-23-94

STATE OF OHIO)
) SS:
COUNTY OF FRANKLIN)

On this 15th day of April, 1992, before me, a notary public in and for the county and state aforesaid, personally appeared Benjamin L. Noble, to me known and known to me to be the President of CAPRAIL I, INC. and to me known to be the person who executed the foregoing instrument and acknowledged to me the execution thereof to be his free act and deed and the free act and deed of CAPRAIL I, INC., for the uses and purposes therein mentioned, and acknowledged to me that he did so sign said instrument in the name and upon behalf of said CAPRAIL I, INC., as such officer; that the same is his free act and deed as such officer, and the free and corporate act and deed of said CAPRAIL I, INC.; and that he was was duly authorized thereunto by its Board of Directors.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notary seal the day and year in this certificate first above written.



Notary Public

(SEAL)

JANA LEE BROWN
NOTARY PUBLIC - STATE OF OHIO
MY COMMISSION EXPIRES APR. 05, 1995

This instrument prepared by:

John Weld Peck, Esq.
Attorney at Law
Peck, Shaffer & Williams
425 Walnut Street, Suite 2200
Cincinnati, Ohio 45202