

First Union Rail Corporation

One O'Hare Center
6250 River Road, Suite 5000
Rosemont, Illinois 60018
847 318-7575

RECORDATION NO. 20786 FILED

JUL 22 '97

10-47 AM

**FIRST
UNION®**

July 9, 1997

VIA FEDERAL EXPRESS

Surface Transportation Board
Attn: Jan Fort
1925 K Street, N.W.
Room 704
Washington, D.C. 20423-0001

Re: Memorandum of Lease Agreement

Dear Ms. Fort:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301 (a) are two (2) originals and two (2) copies of a Memorandum of Lease Agreement, dated May 21, 1996, a primary document as defined in the Board's Rules for the Recordation of Documents. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Lake State Railway Company
211 Newman St.
East Tawas, MI 48730

A description of the railroad equipment covered by the enclosed document is set forth on Exhibit A, as attached to such Memorandum.

Also enclosed is a check in the amount of \$24.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned.

Very truly yours,



Bob Hamilton
Director-Documentation

JUL 22 '97

10-47 AM

ASSIGN. LSRC003

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 21st day of May, 1997, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Lake State Railway Company ("Lessee").

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement, dated as of May 21, 1997, whereby Lessor has agreed to lease to Lessee certain railcars being described in more particular on Exhibit A attached hereto, effective as of the date set forth above and subject to the terms, conditions and provisions of said Lease.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: *John J. Thomas*

Name: John J. Thomas

Title: President

By: *Robert C. Hamilton Jr.*

Name: Robert C. Hamilton Jr.

Title: Director of Documentation

Executed on this 10th day of July, 1997.

[CORPORATE SEAL]

STATE OF Illinois

COUNTY OF Cook

I, Robert C. Hamilton Jr., a Notary Public in and for said state and county, certify that John J. Thomas personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 10th day of July, 1997.

Robert C. Hamilton Jr.
Notary Public

My Commission Expires:

6/8/2000
(Notary Public)



LESSEE:

LAKE STATE RAILWAY COMPANY.

ATTEST:

By: Elaine M. Drumm

Name: Elaine M. Drumm

By: Amy Bruce

Title: Manager, Marketing

Name: Amy Bruce

Title: Asst. MGR-Interline Executed on this 3 day of June, 1997.

[CORPORATE SEAL]

STATE OF MICHIGAN

COUNTY OF IOSCO

I, Kathy A. Cooper, a Notary Public in and for said state and county, certify that Elaine M. Drumm personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease Agreement.

WITNESS my hand and official stamp or seal, this 3rd day of June, 1997.

Kathy A. Cooper
Notary Public
KATHY A. COOPER
Notary Public, Iosco County, MI
My Commission Expires Feb. 24, 2000

My Commission Expires:
KATHY A. COOPER
Notary Public, Iosco County, MI
My Commission Expires Feb. 24, 2000
(Notary Public)

CARINIT	CARNUM	CARTYPE	ASSIGNMENT
ADN	000534	F342	LSRC003
NOKL	724530	F342	LSRC003
NOKL	724531	F342	LSRC003
NOKL	724532	F342	LSRC003
NOKL	724533	F342	LSRC003