

MOORE & VAN ALLEN, PLLC

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DURHAM, NC
RALEIGH, NC
CHARLESTON, SC

January 29, 1999

RECORDATION NO. 22009 FILED

FEB 1 '99 12-10PM

VIA UPS

Secretary Vernon A. Williams
Surface Transportation Board
1925 K Street, NW
Suite 700
Washington, DC 20423

Re: Recordation of Memorandum of Lease Finance Agreement dated February 1, 1999

Dear Mr. Secretary:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) original Memorandum of Lease Agreement (executed in multiple counterparts) dated February 1, 1999. They are primary documents as defined in the Board's Rules for the Recordation of Documents.

A description of the railroad equipment covered by the enclosed document is set forth on Schedule I attached hereto. Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the recordation fee.

Please return one stamped original document to the undersigned. A Business Reply Mail envelope is enclosed for your convenience. If you have any questions regarding these documents or this matter, please do not hesitate to contact me at (704) 331-1179.

Very truly yours,

MOORE & VAN ALLEN, PLLC


Alan J. Chadd

ld/AXC
Enclosures

* Licensed in Texas. Not Licensed in North Carolina

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SCHEDULE I

DESCRIPTION OF EQUIPMENT
(February 1, 1999)

One (1) EMD Locomotive Type SW 1200 #9319 (ex Conrail #9319)

One (1) 26L Valve Set

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

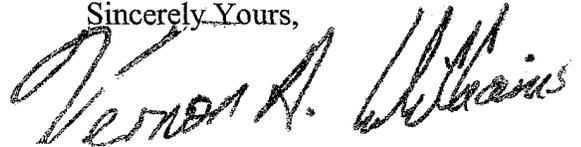
OFFICE OF THE SECRETARY

Alan J. Chadd
Moore & Van Allen, PLLC
100 North Tryon
Floor 47
Charlotte, NC 28202-4003

Dear Sir:

The enclosed documents (s) was recorded pursuant to the provisions of 49 U.S.C.
11301 and CFR 1177.3 (c), on 2/1/99 at 12:10 PM, and
assigned recordation numbers (s): 22009.

Sincerely Yours,



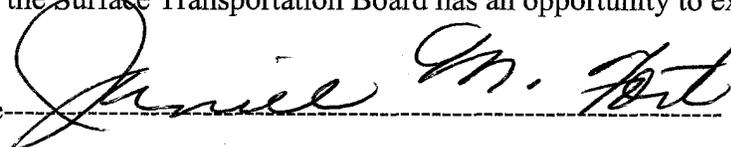
Vernon A. Williams

Enclosure(s)

26.00

\$_____ The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid. In the event of an error or any questions concerning this fee, you will receive a notification after the Surface Transportation Board has an opportunity to examine your document.

Signature _____



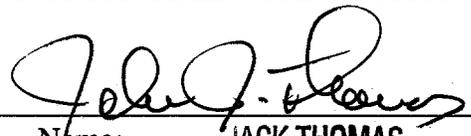
MEMORANDUM OF LEASE AGREEMENT FEB 1 '99 12-10PM

THIS MEMORANDUM OF LEASE AGREEMENT dated as of February 1, 1999, is between FIRST UNION RAIL CORPORATION, a North Carolina corporation ("Lessor") and STOCKTON TERMINAL & EASTERN RAILROAD, a California corporation ("Lessee").

WHEREAS, the Lessor and the Lessee are entering into that certain Lease Finance Agreement dated February 1, 1999, (the "Lease") and placing under lease that certain equipment set forth on Schedule I attached hereto, and all additions thereto, alterations thereof, replacements thereof and substitutions therefor;

IN WITNESS WHEREOF, the parties wish to show for the public record the aforesaid Lease, and accordingly have caused this Memorandum of Lease Agreement to be executed by their officers thereunto duly authorized, as of the date first above written. This memorandum may be executed in counterparts, each such counterpart shall be binding on both parties hereto, notwithstanding that both parties are not signatories to the same counterpart.

FIRST UNION RAIL CORPORATION

By: 
Name: JACK THOMAS
Title: President

STOCKTON TERMINAL & EASTERN RAILROAD

By: _____
Name: _____
Title: _____

STATE OF Illinois

COUNTY OF COOK

I, Michelle Berg, a Notary Public in and for said state and county, do hereby certify that John J. Thomas personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease Agreement.

Witness my hand and official seal this 28 day of January, 1999.

Michelle Berg
Notary Public

My commission expires:



[NOTARY SEAL]

STATE OF _____

COUNTY OF _____

I, _____, a Notary Public in and for said state and county, do hereby certify that _____ personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease Agreement.

Witness my hand and official seal this _____ day of _____, 1999.

Notary Public

My commission expires:

[NOTARY SEAL]

SCHEDULE I

DESCRIPTION OF EQUIPMENT
(February , 1999)

One (1) EMD Locomotive Type SW 1200 #9319 (ex Conrail #9319)

One (1) 26L Valve Set

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FIRST UNION RAIL CORPORATION

By: _____
 Name: _____
 Title: _____

STOCKTON TERMINAL & EASTERN RAILROAD

By: Greg Carney
 Name: Greg Carney
 Title: Vice President

STATE OF _____

COUNTY OF _____

I, _____, a Notary Public in and for said state and county, do hereby certify that _____ personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease Agreement.

Witness my hand and official seal this ____ day of _____, 1999.

Notary Public

My commission expires: _____

[NOTARY SEAL]

STATE OF California

COUNTY OF San Joaquin

I, ~~Greg Carney~~ Sue Moore, a Notary Public in and for said state and county, do hereby certify that Greg Carney personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease Agreement.

Witness my hand and official seal this 28th day of January, 1999.

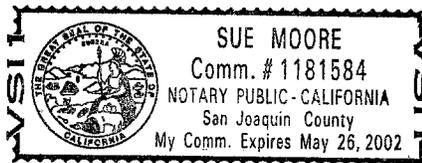
Sue Moore

Notary Public

My commission expires:

5-26-2002

[NOTARY SEAL]



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SCHEDULE I

DESCRIPTION OF EQUIPMENT
(February 1, 1999)

One (1) EMD Locomotive Type SW 1200 #9319 (ex Conrail #9319)

One (1) 26L Valve Set

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

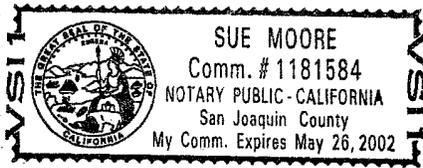
State of CALIFORNIA

County of SAN JOAQUIN

On JANUARY 28, 1998 before me, SUE MOORE
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared GREG CARNEY
Name(s) of Signer(s)

personally known to me – OR – proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Sue Moore
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: MEMORANDUM OF LEASE AGREEMENT

Document Date: FEBRUARY---, 1999 Number of Pages: 3

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: GREG CARNEY

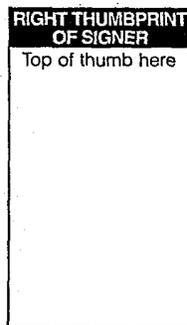
- Individual
- Corporate Officer
Title(s): VICE PRESIDENT
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:
STOCKTON TERMINAL &
EASTERN RAILROAD

Signer's Name: _____

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:

