

First Union Rail Corporation

One O'Hare Center
6250 River Road, Suite 5000
Rosemont, Illinois 60018-4214
847 318-7575

VIA FEDERAL EXPRESS



September 9, 1998

RECORDATION NO. 21646 FILED

SEP 11 '98

11-46 AM

Surface Transportation Board
Attn: Jan Fort
1925 K Street, N.W., Room 704
Washington, DC 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 three (3) originals and two (2) copies of a Memorandum of Lease Agreement, dated August 21, 1998, 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 Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Iowa Interstate Railroad
2920 Industrial Park Road
Iowa City, IA 52240-4806

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 \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return two (2) stamped originals of the enclosed document to the undersigned.

If you have any questions or concerns regarding the above-referenced matter, please feel free to contact me at (847) 384-5355. Thank you for your cooperation in this matter.

Very truly yours,

A handwritten signature in cursive script that reads "Susan Grokulskey".

Susan Grokulskey
Manager - Documents Administration

Enclosures

(LAIS008)

EXHIBIT A RECORDATION NO. 216 FILED 46
to RIDER NO. 1 SEP 11 '98 11-46 AM

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 21st day of August, 1998, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Iowa Interstate Railroad ("Lessee").

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Master Lease Agreement (the "Lease"), dated as of August 25, 1997, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 1 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of September 1, 1998 and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

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: K.A. Bombrowski
Name: K.A. BOMBROWSKI
Title: MANAGER-DOCUMENTATION

By: Richard F. Seymour
Name: RICHARD F. SEYMOUR
Title: Vice President Sales & Marketing

Executed on this 21st day of August, 1998.

[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

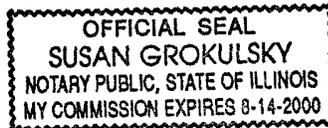
I, Susan Grokulsky, a Notary Public of the County and State aforesaid, certify that Richard F. Seymour personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 21st day of August, 1998.

Susan Grokulsky
Notary Public

My Commission Expires:

8/14/2000
(Notary Public)



LESSEE:

IOWA INTERSTATE RAILROAD

ATTEST:

By: Dennis H Miller
Name: DENNIS H MILLER
Title: V.P. Customer Services

By: Carolyn Lee Young
Name: CAROLYN LEE YOUNG
Title: Executive Assistant

Executed on this 12 day of August, 1998.

[CORPORATE SEAL]

STATE OF Iowa

COUNTY OF Johnson

I, Carolyn Lee Young, a Notary Public of the County and State aforesaid, certify that Dennis H. Miller 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 12 day of August, 1998.

Carolyn Lee Young
Notary Public

My Commission Expires:

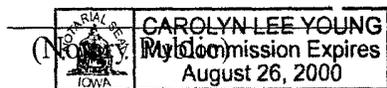


EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS: One hundred twenty nine (129)

DESCRIPTION OF CARS: 4750 cu. ft. Covered Hopper Cars

CAR NUMBERS: See below

IAIS	041004
IAIS	041008
IAIS	041010
IAIS	041012
IAIS	041013
IAIS	041014
IAIS	041016
IAIS	041022
IAIS	041027
IAIS	041030
IAIS	041031
IAIS	041032
IAIS	041033
IAIS	041034
IAIS	041035
IAIS	041036
IAIS	041037
IAIS	041043
IAIS	041046
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IAIS	041064
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IAIS	041072
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IAIS	041097
IAIS	041107
IAIS	041108
IAIS	041109
IAIS	041111
IAIS	041112
IAIS	041115
IAIS	041118
IAIS	041120
IAIS	041122
IAIS	041125
IAIS	041201
IAIS	041202
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IAIS	060005
IAIS	060013
IAIS	060015
IAIS	060016
IAIS	060020
IAIS	060070
IAIS	060074
IAIS	060077
IAIS	060078
IAIS	075139
IAIS	813114
IAIS	813118
IAIS	813123
IAIS	813128
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IAIS	813201
IAIS	813203
IAIS	813210
IAIS	813216
IAIS	813218
IAIS	813219
IAIS	813221
Count: 129	