

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. 21638 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 one (1) original and three (3) copies of a Memorandum of Lease Agreement, dated August 3, 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: Dakota Minnesota & Eastern
Railroad Corp.
337 22nd Ave. South, P.O. Box 178
Brookings, SD 57006

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 one (1) stamped original 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,

Susan Grokulsky
Manager - Documents Administration

Enclosures

(DME002A/B)

ASSIGN: DME002A/B

EXHIBIT A
to
RIDER NO. 2 + 2A

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MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 3rd day of August, 1998, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Dakota Minnesota + Eastern RR Corp ("Lessee"), a Delaware corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Master Lease Agreement (the "Lease"), dated as of June 23 1998, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 2 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of August 3 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. Dombrowski
Name: K.A. DOMBROWSKI
Title: MANAGER-DOCUMENTATION

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

Executed on this 3rd 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.

1998 WITNESS my hand and official stamp or seal, this 30th day of August.

Susan Grokulska
Notary Public

My Commission Expires:
8-14-2000
(Notary Public)



LESSEE:

DAKOTA, MINNESOTA & EASTERN RR CORP.

ATTEST:

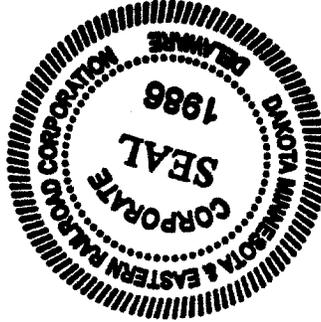
By: Linda Arter
Name: Linda Arter
Title: Admin. Asst.

By: Keith Kupec
Name: Keith Kupec
Title: GM Rental Fleet

Executed on this 20 day of July, 1998.

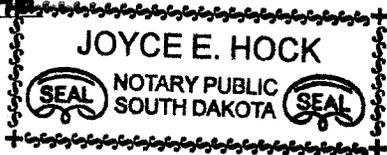
[CORPORATE SEAL]

STATE OF South Dakota
COUNTY OF Brookings



I, Joyce E. Hock, a Notary Public of the County and State aforesaid, certify that Keith Kupec 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 20th day of July, 1998.



Joyce E. Hock
Notary Public

My Commission Expires: 5-5-02

Joyce E. Hock
(Notary Public)

EXHIBIT A
to
Memorandum of Lease

DESCRIPTION OF CARS: **Seventy-one (71) 4750 cu. ft. covered hoppers**

CAR NUMBERS: **See below**

Car initial (29)	Car number (29)
DME	000001
DME	000002
DME	000003
DME	000004
DME	000006
DME	000007
DME	000008
DME	000010
DME	005023
DME	005027
DME	005030
DME	005031
DME	005032
DME	005033
DME	005034
DME	005035
DME	005037
DME	005038
DME	005039
DME	005041
DME	005042
DME	005043
DME	005044
DME	005045
DME	005046
DME	005047
DME	005048
DME	005049
DME	005050
DME	010525
DME	010534
DME	010550
DME	010649
DME	010655
DME	010656

DME	010683
DME	010701
DME	010737
DME	011131
DME	463104
DME	485010
DME	486587
DME	486589
DME	486595
DME	486600
DME	486601
DME	486605
DME	486638
DME	488040
DME	488048
DME	488061
DME	488062
DME	488067
DME	488068
DME	488075
DME	488080
DME	488083
DME	488084
DME	488092
DME	488100
DME	488103
DME	488109
DME	500002
DME	500031
DME	500076
DME	500082
DME	510020
DME	510037
DME	510072
DME	830130
Count:	70

Car initial (29)	Car number (29)
DME	005241
Count:	1

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to
Memorandum of Lease

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DME	005037
DME	005038
DME	005039
DME	005041
DME	005042
DME	005043
DME	005044
DME	005045
DME	005046
DME	005047
DME	005048
DME	005049
DME	005050
DME	010525
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DME	463104
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DME	486587
DME	486589
DME	486595
DME	486600
DME	486601
DME	486605
DME	486638
DME	488040
DME	488048
DME	488061
DME	488062
DME	488067
DME	488068
DME	488075
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Count:	1