

**First Union Rail Corporation**

One O'Hare Center  
6250 River Road, Suite 5000  
Rosemont, Illinois 60018-4214  
847 318-7575  
Fax 847 318-7588

VIA FEDERAL EXPRESS



October 26, 1998

RECORDATION NO. 21749 FILED  
OCT 27 '98 4-08 PM

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 two (2) originals and two (2) copies of a Memorandum of Lease Agreement, dated October 2, 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: StatesRail Railroads  
7557 Rambler Road, Suite 280  
Dallas, TX 75231

*See doc - Mem different*

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,

Susan Grokulsky  
Manager - Documents Administration

Enclosures

(STRR001)

RECORDATION NO. 21749 FILED

EXHIBIT A  
to  
RIDER NO. 1

OCT 27 '98

4-08 PM

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 27 day of OCTOBER, 1998, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and StatesRail, Inc. ("Lessee"), a DELAWARE corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Master Lease Agreement (the "Lease"), dated as of September 30, 1998, 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 October 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: [Signature]

Name: R.A. LOMBROSKI

Title: MANAGER - DOCUMENTATION

By: [Signature]

Name: RICHARD E. SEYMOUR

Title: Vice President Sales & Marketing

Executed on this 27 day of October 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.

October WITNESS my hand and official stamp or seal, this 2nd day of 1998.

Susan Grokulsky  
Notary Public

My Commission Expires:

8/14/2000  
(Notary Public)



LESSEE: STATESRAIL, INC.

ATTEST:

By: Teresa Parker  
Name: Teresa Parker  
Title: Notary - Corp. Office mgr.

By: Michael A. Haeg  
Name: Michael A. Haeg  
Title: VP MARKETING & BUSINESS DEVELOPMENT

Executed on this 2nd day of Oct., 1998.

[CORPORATE SEAL]

STATE OF Texas  
COUNTY OF Dallas

I, Teresa Parker, a Notary Public of the County and State aforesaid, certify that Michael Haeg 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 2nd day of October, 1998.

Teresa Parker  
Notary Public

My Commission Expires:  
9/29/2001  
(Notary Public)

**EXHIBIT A**  
to  
**MEMORANDUM OF LEASE**

One Hundred Nine-three (193) 4700/4750 cu. ft. Covered Hopper Railcars

WGR	005001	WGR	007051	WGR	007188	WGR	016258
WGR	005002	WGR	007054	WGR	007190	WGR	016264
WGR	005003	WGR	007055	WGR	007195	WGR	016266
WGR	005004	WGR	007056	WGR	016109	WGR	016273
WGR	005005	WGR	007061	WGR	016110	WGR	016274
WGR	005006	WGR	007062	WGR	016120	WGR	016279
WGR	005007	WGR	007067	WGR	016123	WGR	016283
WGR	005008	WGR	007068	WGR	016125	WGR	016291
WGR	005009	WGR	007071	WGR	016126	WGR	016292
WGR	005010	WGR	007072	WGR	016132	WGR	016297
WGR	005011	WGR	007073	WGR	016134	WGR	016304
WGR	005012	WGR	007074	WGR	016135	WGR	016306
WGR	005013	WGR	007080	WGR	016137	WGR	016309
WGR	005014	WGR	007083	WGR	016140	WGR	016313
WGR	005015	WGR	007085	WGR	016141	WGR	016318
WGR	005016	WGR	007087	WGR	016155	WGR	016322
WGR	005017	WGR	007088	WGR	016159	WGR	016330
WGR	005018	WGR	007092	WGR	016164	WGR	016334
WGR	005019	WGR	007094	WGR	016165	WGR	016342
WGR	005020	WGR	007095	WGR	016167	WGR	016342
WGR	005021	WGR	007097	WGR	016168	WGR	016361
WGR	005051	WGR	007106	WGR	016170	WGR	016371
WGR	005052	WGR	007111	WGR	016176	WGR	016377
WGR	005053	WGR	007114	WGR	016176	WGR	016383
WGR	005055	WGR	007117	WGR	016178	WGR	016384
WGR	005056	WGR	007118	WGR	016179	WGR	016387
WGR	005057	WGR	007120	WGR	016182	WGR	016391
WGR	005058	WGR	007123	WGR	016184	WGR	016401
WGR	005059	WGR	007124	WGR	016187	WGR	016404
WGR	005060	WGR	007124	WGR	016187	WGR	016408
WGR	007000	WGR	007126	WGR	016193	WGR	016419
WGR	007003	WGR	007127	WGR	016197	WGR	016419
WGR	007005	WGR	007127	WGR	016198	WGR	016427
WGR	007006	WGR	007129	WGR	016203	WGR	016431
WGR	007007	WGR	007129	WGR	016212	WGR	016431
WGR	007012	WGR	007131	WGR	016213	WGR	016450
WGR	007017	WGR	007133	WGR	016213	WGR	016452
WGR	007021	WGR	007136	WGR	016215	WGR	016477
WGR	007022	WGR	007141	WGR	016215	WGR	016479
WGR	007024	WGR	007142	WGR	016217	WGR	016479
WGR	007027	WGR	007146	WGR	016219	WGR	016483
WGR	007029	WGR	007147	WGR	016221	WGR	016484
WGR	007030	WGR	007148	WGR	016223	WGR	016498
WGR	007034	WGR	007148	WGR	016225	WGR	016498
WGR	007035	WGR	007149	WGR	016225	WGR	815199
WGR	007039	WGR	007149	WGR	016228		
WGR	007040	WGR	007153	WGR	016228		
WGR	007041	WGR	007153	WGR	016233		
WGR	007042	WGR	007164	WGR	016233		
WGR	007044	WGR	007165	WGR	016234		
WGR	007046	WGR	007165	WGR	016236		
		WGR	007170	WGR	016236		
		WGR	007171	WGR	016237		
		WGR	007174	WGR	016240		
		WGR	007177	WGR	016241		
		WGR	007180	WGR	016241		
		WGR	007183	WGR	016242		
		WGR	007187	WGR	016245		
				WGR	016246		
				WGR	016250		
						Count:	193