



First Union Rail Corporation
 One O'Hare Center
 6250 River Road, Suite 5000
 Rosemont, IL 60018-4214
 Tel 847 318-7575
 Fax 847 318-7588
<http://www.firstunion.com/rail>

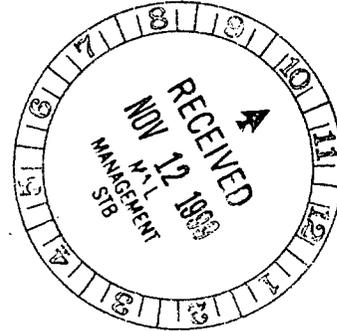
RECORDATION NO. 22-530 FILED

NOV 18 '99

10-00 AM

VIA UPS NEXT DAY AIR

November 10, 1999



Mr. Vernon E. Williams
 Surface Transportation Board
 1925 K Street, N.W., Room 704
 Washington, DC 20423-0001
 Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) originals and one (1) copy of a Memorandum of Lease Agreement, dated September 24, 1999, a primary document as defined in the Board's Rules for the Recordation of Documents. Please file this Memorandum of Lease as a primary document since a Master Lease has not been filed with the Surface Transportation Board. 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: Albany and Eastern Railroad Company
 265 Tangent Street
 Lebanon, OR 97355

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) 384-5342. Thank you for your cooperation in this matter.

Very truly yours,

Tiffany Chase
 Manager of Documentation

Enclosures

(AERC004)

EXHIBIT A
to
RIDER NO. 7

NOV 18 '99

10-00AM

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 24th day of September, 1999, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Albany & Eastern Railroad Company ("Lessee"), an Oregon corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Master Lease Agreement (the "Lease"), dated as of April 7, 1999, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 7 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of September, 1999 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: DIRECTOR OF DOCUMENTATION

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

Executed on this 24th day of September, 1999.

[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.

1999 WITNESS my hand and official stamp or seal, this 24th day of September.

Susan Grokulsky
Notary Public

My Commission Expires:

8-14-2000
(Notary Public)



LESSEE:

ALBANY AND EASTERN RAILROAD COMPANY

ATTEST:

By: Mike Root
Name: MIKE ROOT
Title: PRESIDENT

By: _____
Name: _____
Title: _____

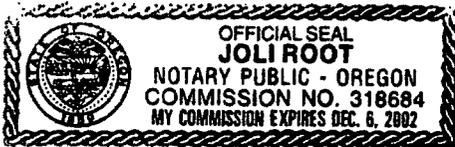
Executed on this 9th day of Sept, 1999.

[CORPORATE SEAL]

STATE OF Oregon
COUNTY OF Linn

I, Joli Root, a Notary Public of the County and State aforesaid, certify that Mike Root 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 9th day of September, 1999.



Joli Root
Notary Public

My Commission Expires: 12/6/02

Joli Root
(Notary Public)

EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS: Fifteen (15)

DESCRIPTION OF CARS: New, 73' 286,000 lb. capacity Centerbeam Flat Cars
Built by National Steel Car Company

CAR NUMBERS: See below:

AERC 7375
AERC 7376
AERC 7377
AERC 7378
AERC 7379
AERC 7380
AERC 7381
AERC 7382
AERC 7383
AERC 7384
AERC 7385
AERC 7386
AERC 7387
AERC 7388
AERC 7389