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ELIAS C. ALVORD (1942)
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OF COUNSEL
URBAN A. LESTER

December 6, 2002

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

RECORDATION NO. 24233 FILED

DEC 06 '02 1-16 PM

SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Lease, dated as of November 18, 2002 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: Railcar, Ltd.
1201 Peachtree Street, N.E.
400 Colony Square
Suite 1101
Atlanta, GA 30361

Lessee: Knoxville & Holsten River Railroad Co., Inc.
301 Quincy, Bldg. 28
Knoxville, TN 37917

A description of the railroad equipment covered by the enclosed document is:

27 gondolas within the series SLGG 005500 – SLGG 005529

Mr. Vernon A. Williams
December 6, 2002
Page Two

A short summary of the document to appear in the index follows:

Memorandum of Lease

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anr
Enclosures

DEC 06 '02 1-16 PM

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF LEASE

1. Pursuant to that certain Master Lease Agreement dated as of August 1, 2002, and the related Schedule No. 1 dated on even date therewith, (collectively, the "Lease Agreement"), between Railcar, Ltd. as Lessor, and Knoxville & Holsten River Railroad Co., Inc., as Lessee, Lessor has leased to Lessee the railroad cars identified on Exhibit A attached hereto and entitled "Description of Railcars" (the "Cars"). Said lease of the Cars is referred to hereinafter as the "Lease".

2. The addresses of the parties are as follows:

Lessor: Railcar, Ltd.
1201 Peachtree Street, N.E.
400 Colony Square, Suite 1101
Atlanta, Georgia 30361

Lessee: Knoxville & Holsten River Railroad Co., Inc.
301 West Quincy, Bldg. 28
Knoxville, TN 37917

3. The term of the Lease is twelve (12) months commencing on December 1, 2002, and is scheduled to end approximately on November 30, 2003.

4. Lessee has the option to renew the Lease for one (1) additional term of twelve (12) months.

5. The terms and provisions of the Lease are more particularly set forth in the Lease Agreement.

6. This Memorandum of Lease may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same document, which may be evidenced by any such signed counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed as of Nov 18, 2002

RAILCAR, LTD.

By: Jeffrey Edelman
Name: Jeffrey Edelman
Title: Vice President of Finance

[SIGNATURES CONTINUE ON NEXT PAGE]

State of Georgia, County of Cobb

On November 12, 2002, before me personally appeared Jeffrey Edelman, to me personally known, who being by me duly sworn says that he is Vice President of Finance of Railcar, Ltd., and that he executed the foregoing instrument on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Gayle A. Higbee

Notary Public: Gayle A. Higbee
My commission expires: May 29, 2003
[NOTARIAL SEAL]

KNOXVILLE & HOLSTEN RIVER RAILROAD, INC.

By: ED HOUSE
Name: ED HOUSE
Title: V.P.

State of Tennessee, County of KNOX

On 11-18, 2002, before me personally appeared ED HOUSE, to me personally know, who being by me duly sworn says that he is VICE-PRES. of Knoxville & Holsten River Railroad Co., Inc. and that he executed the foregoing instrument on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Deborah Jenkins

Notary Public:
My commission expires: 09/04/06
[NOTARIAL SEAL]

EXHIBIT A
DESCRIPTION OF RAILCARS

This is Exhibit A to the Memorandum of Lease dated as of 11-18, 2002, between Railcar, Ltd., as Lessor, and Knoxville & Holsten River Railroad Co., Inc., as Lessee.

Owner of Cars: Railcar, Ltd.

Quantity of Cars: Twenty-seven (27)

Description of Cars: Used 65-foot, 100-ton gondolas

Car Marks and Numbers:

SLGG 005500
SLGG 005501
SLGG 005502
SLGG 005503
SLGG 005505
SLGG 005506
SLGG 005507
SLGG 005508
SLGG 005509
SLGG 005510
SLGG 005511
SLGG 005512
SLGG 005513
SLGG 005514
SLGG 005515
SLGG 005516
SLGG 005517
SLGG 005518
SLGG 005519
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SLGG 005524
SLGG 005526
SLGG 005527
SLGG 005528
SLGG 005529