

FIRST UNION RAIL

One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

Tel 847 318-7575
Fax 847 318-7588

RECORDATION NO. 24506-B FILED

FEB 06 '04 10-03 AM

SURFACE TRANSPORTATION BOARD



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 two (2) originals and one (1) copy of a Memorandum of Lease Agreement, dated October 20, 2003, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Lease Agreement which was duly filed with the Commission under Recordation Number 24506.

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: Watco Transportation Services 315 W. 3 rd Street Pittsburg, KS 66762
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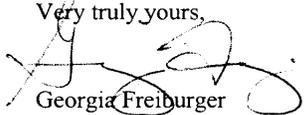
A description of the railroad equipment covered by the enclosed document is twenty-five (25) 4750 cu. ft. covered hopper cars, with NOKL marks (see Exhibit A for car numbers).

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 one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5387. Thank you for your cooperation in this matter.

Very truly yours,


Georgia Freiburger
Manager of Documentation

Enclosures

(WACO003)

RECORDATION NO. 24506-B FILED

FEB 06 '04 10:03 AM

ASSGN. NO. WACO003

MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 20th day of October, 2003, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Watco Transportation Services, Inc. ("Lessee"), a Kansas corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of March 18, 2003, 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 September 1, 2003, 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: K.A. DOMAROWSKI

By: [Signature]
Name: RICHARD F. SEYMOUR
Title: Vice President Sales & Marketing

Title: DIRECTOR OF DOCUMENTATION Executed on this 20th day of October, 2003.

[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

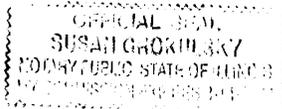
I, SUSAN GROKULSKY, a Notary Public of the County and State aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 20th day of October, 2003

[Signature]
Notary Public

My Commission Expires:

8-14-2004
(Notary Public)



LESSEE:

WATCO TRANSPORTATION SERVICES, INC.

By: *Paul E. Fries*

Name: PAUL E. Fries

Title: General Manager

ATTEST:

By: _____

Name: _____

Title: _____

Executed on this _____ day of _____, _____.

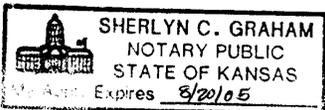
[CORPORATE SEAL]

STATE OF Kansas

COUNTY OF Sedgwick

I, Sherlyn C. Graham, a Notary Public of the County and State aforesaid, certify that Paul E. Fries 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 7th day of October, 2003.



Sherlyn C. Graham
Notary Public

Commission Expires:

8/20/05
(Notary Public)

EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS: Twenty-five (25)

DESCRIPTION OF CARS: 4750 cubic foot capacity covered hopper cars, 263,000 to 268,000 gross rail load, with trough hatches and gravity gates.

CAR NUMBERS:

NOKL 818592
NOKL 828344
NOKL 828365
NOKL 828366
NOKL 828372
NOKL 828380
NOKL 830257
NOKL 830406
NOKL 830635
NOKL 831170
NOKL 832002
NOKL 832007
NOKL 832011
NOKL 832013
NOKL 832016
NOKL 832028
NOKL 832041
NOKL 832057
NOKL 832058
NOKL 832059
NOKL 832062
NOKL 832141
NOKL 832189
NOKL 832704
NOKL 832734
Count: 25