

RECORDATION NO. 25100-B FILED

JUL 28 '04 2-42 PM

SURFACE TRANSPORTATION BOARD

OF COUNSEL
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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

July 28, 2004

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

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 Assignment of Lease, dated as of June 25, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Schedule #3 to Full Service Master Lease Agreement which is being filed with the Board under Recordation Number _____.

The names and addresses of the parties to the enclosed document are:

Bank: First Mid-Illinois Bank and Trust
12616 State Route 143
Highland, Illinois 62249

Assignor: Midwest Railcar Corporation
3 Professional Park Drive, Suite B
Maryville, Illinois 62062

Mr. Vernon A. Williams
July 28, 2004
Page 2

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

100 railcars: KCS 749400– KCS 749499.

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

Memorandum of Assignment 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/anm
Enclosures

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SURFACE TRANSPORTATION BOARD

MEMORANDUM OF ASSIGNMENT OF LEASE

dated June 25, 2004

by and between

**FIRST MID-ILLINOIS BANK & TRUST, NA
("Secured Party")**

and

**MIDWEST RAILCAR CORPORATION,
("Debtor")**

MEMORANDUM OF ASSIGNMENT OF LEASE

THIS MEMORANDUM OF ASSIGNMENT OF LEASE is hereby entered into as of this 25th day of June, 2004 by and between **First Mid-Illinois Bank and Trust, NA** ("Secured Party"), and **Midwest Railcar Corporation, an Illinois corporation** ("Debtor").

WITNESSETH:

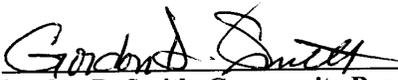
The Debtor hereby assigns, transfers and sets over unto Secured Party all of the Debtor's right, title and interest in and to the lease of one-hundred (100), 50 ft., 70-ton, Plate C boxcars as evidenced by that certain Rider #3 dated March 18, 2004 which incorporates by reference that Master Net Lease Agreement dated effective June 2, 2003 by and between Debtor (as Lessor) and The Kansas City Southern Railway (as Lessee), and any other Equipment Riders and or schedules thereto (together, the "Lease") and all rents and other sums due under Rider #3 and all proceeds therefrom with respect to those certain railcars identified on the attached Schedule "A" hereto (the "Railcars"), and all rents, renewal rents, proceeds of settlement for the Railcars which are lost, destroyed or damaged beyond repair and all other sums due and to become due under and pursuant to or by reason of the Lease, including but not limited to, the payment of any purchase option price paid by the Lessee pursuant to the Lease, as well as any and all subleases of the Railcars.

This Assignment is given and intended as continuing collateral for the payment of the indebtedness of the Debtor to the Secured Party as provided for in the Commercial Security Agreement dated June 25, 2004 (the "Agreement"), including but not limited to any and all promissory notes executed thereunder (the "Promissory Notes"), including any and all interest thereon and expenses therefore and any and all extensions and/or renewals of the referenced indebtedness, whether such indebtedness shall at any time or from time to time have been reduced or paid in full and thereafter increased or reincurred, and not renewal of, or extension of time of payment of the subject indebtedness or any part thereof, and no agreement not to sue or release or discharge of any persons liable therefore or thereon, or release or exchange of other collateral or any act or thing whatsoever shall diminish, discharge, impair or affect this assignment or the security afforded hereby, save payment in full by the Borrower to the Lender of any and all indebtedness of the Borrower to the Lender arising under the Agreement and the Promissory Notes, while no default exists under any of the other provisions thereof. If such payment in full is made by the Borrower while no such default exists or if any such payment in full is made while any default exists and all such defaults are subsequently corrected by the Borrower, the Borrower shall be entitled to have this Assignment discharged.

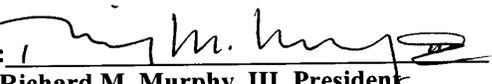
Capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement. This Memorandum of Assignment of Lease may be executed in any number of counterparts, each executed counterpart constituting an original but together only one Memorandum of Assignment of Lease and Rents.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written.

FIRST MID-ILLINOIS BANK AND TRUST, NA
as Secured Party

By: 
Gordon D. Smith, Community Bank President

MIDWEST RAILCAR CORPORATION
As Debtor

By: 
Richard M. Murphy, III, President

STATE OF ILLINOIS, County of Madison

On this 25th day of June, 2004, before me, a Notary Public of the County and State aforesaid, personally appeared Gordon D. Smith, to me personally known, who being by me duly sworn, says that he is a Community Bank President of FIRST MID-ILLINOIS BANK AND TRUST, NA, that the seal affixed to the foregoing instrument is the seal of First Mid-Illinois Bank and Trust, NA, that said instrument was signed and sealed on behalf of First Mid-Illinois Bank and Trust, NA by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of First Mid-Illinois Bank and Trust, NA.

AS WITNESS my hand and notarial seal

(Seal)



Tricia Buehne

Notary Public

My commission expires:

STATE OF MN, City of Elk River

On this 25th day of June, 2004, before me, a Notary Public of the County and State aforesaid, personally appeared Richard M. Murphy, III, to me personally known, who being by me duly sworn, says that he is the President of Midwest Railcar Corporation, an Illinois corporation, that the seal affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and the acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal

(Seal)

David L. Smith

Notary Public

My commission expires: 1-31-06

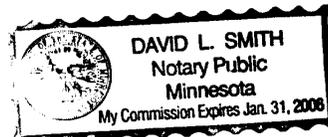


EXHIBIT "A"

DESCRIPTION OF RAILCARS

One Hundred boxcars bearing reporting marks as follows:

| Car Initial & Number | | |
|---------------------------------|------------|------------|
| KCS 749400 | KCS 749439 | KCS 749478 |
| KCS 749401 | KCS 749440 | KCS 749479 |
| KCS 749402 | KCS 749441 | KCS 749480 |
| KCS 749403 | KCS 749442 | KCS 749481 |
| KCS 749404 | KCS 749443 | KCS 749482 |
| KCS 749405 | KCS 749444 | KCS 749483 |
| KCS 749406 | KCS 749445 | KCS 749484 |
| KCS 749407 | KCS 749446 | KCS 749485 |
| KCS 749408 | KCS 749447 | KCS 749486 |
| KCS 749409 | KCS 749448 | KCS 749487 |
| KCS 749410 | KCS 749449 | KCS 749488 |
| KCS 749411 | KCS 749450 | KCS 749489 |
| KCS 749412 | KCS 749451 | KCS 749490 |
| KCS 749413 | KCS 749452 | KCS 749491 |
| KCS 749414 | KCS 749453 | KCS 749492 |
| KCS 749415 | KCS 749454 | KCS 749493 |
| KCS 749416 | KCS 749455 | KCS 749494 |
| KCS 749417 | KCS 749456 | KCS 749495 |
| KCS 749418 | KCS 749457 | KCS 749496 |
| KCS 749419 | KCS 749458 | KCS 749497 |
| KCS 749420 | KCS 749459 | KCS 749498 |
| KCS 749421 | KCS 749460 | KCS 749499 |
| KCS 749422 | KCS 749461 | |
| KCS 749423 | KCS 749462 | |
| KCS 749424 | KCS 749463 | |
| KCS 749425 | KCS 749464 | |
| KCS 749426 | KCS 749465 | |
| KCS 749427 | KCS 749466 | |
| KCS 749428 | KCS 749467 | |
| KCS 749429 | KCS 749468 | |
| KCS 749430 | KCS 749469 | |
| KCS 749431 | KCS 749470 | |
| KCS 749432 | KCS 749471 | |
| KCS 749433 | KCS 749472 | |
| KCS 749434 | KCS 749473 | |
| KCS 749435 | KCS 749474 | |
| KCS 749436 | KCS 749475 | |
| KCS 749437 | KCS 749476 | |
| KCS 749438 | KCS 749477 | |