

FIRST UNION RAIL

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

Tel 847.318.7575
Fax 847.318.7583

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 of a Memorandum of Lease Agreement, dated July 16, 2004, 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 21383.

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:	Potlatch Corporation 805 Mill Road Lewiston, ID 83501
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A description of the railroad equipment covered by the enclosed document is ninety-eight (98) Plate "F" box cars, with double plug doors with NOKL marks, (see Exhibit A for 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 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 Grokulsy
Manager of Documentation

Enclosures

(POTL004)



October 19, 2004

RECORDATION NO. 21383-A FILED

OCT 25 04 2-49 PM

SURFACE TRANSPORTATION BOARD

ASSGN. NO. POTL004

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 16th day of July, 2004, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Potlatch Corporation ("Lessee").

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of April 1, 1998 whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 4 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of January 10, 2004 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

RECORDATION NO. 21383-A FILED

ATTEST:

By: Richard F. Seymour

OCT 25 '04 2-49 PM

Name: RICHARD F. SEYMOUR
Vice President Sales & Marketing

SURFACE TRANSPORTATION BOARD

By: Georgia Freiburger
Name: GEORGIA FREIBURGER

Title: _____

Title: MGR. OF DOCUMENTATION Executed on this 16th day of July, 2004.

[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 16th day of July, 2004.

Susan Grokulska
Notary Public

My Commission Expires:

8-14-2004
(Notary Public)



LESSEE:

POTLATCH CORPORATION

By: David Weisel

Name: DAVID Weisel

Title: DIRECTOR OF DISTRIBUTION

ATTEST:

By: _____

Name: _____

Title: _____

Executed on this _____ day of _____, 2004.

[CORPORATE SEAL]

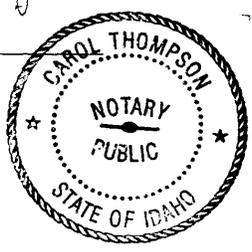
STATE OF Idaho

COUNTY OF Nez Perce

I, Carol Thompson, a Notary Public of the County and State aforesaid, certify that David Weisel personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 1st day of July, 2004.

Carol Thompson
Notary Public



Commission Expires:

8/12/2005
(Notary Public)

EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS: Ninety-eight (98)

DESCRIPTION OF CARS: 60'9", 286,000 lb. capacity, double plug door, cushioned, Plate F boxcars, built in 1999, (AAR car type code A606)

CAR NUMBERS:

NOKL	603200	NOKL	603226	NOKL	603251	NOKL	603275
NOKL	603201	NOKL	603227	NOKL	603252	NOKL	603276
NOKL	603202	NOKL	603228	NOKL	603253	NOKL	603277
NOKL	603203	NOKL	603229	NOKL	603254	NOKL	603278
NOKL	603204	NOKL	603230	NOKL	603255	NOKL	603279
NOKL	603205	NOKL	603231	NOKL	603256	NOKL	603281
NOKL	603206	NOKL	603232	NOKL	603257	NOKL	603282
NOKL	603207	NOKL	603233	NOKL	603258	NOKL	603283
NOKL	603208	NOKL	603234	NOKL	603259	NOKL	603284
NOKL	603209	NOKL	603235	NOKL	603260	NOKL	603285
NOKL	603210	NOKL	603236	NOKL	603261	NOKL	603286
NOKL	603211	NOKL	603237	NOKL	603262	NOKL	603287
NOKL	603212	NOKL	603238	NOKL	603263	NOKL	603288
NOKL	603214	NOKL	603239	NOKL	603264	NOKL	603289
NOKL	603215	NOKL	603240	NOKL	603265	NOKL	603290
NOKL	603216	NOKL	603241	NOKL	603266	NOKL	603291
NOKL	603217	NOKL	603242	NOKL	603267	NOKL	603292
NOKL	603218	NOKL	603243	NOKL	603268	NOKL	603293
NOKL	603219	NOKL	603244	NOKL	603269	NOKL	603294
NOKL	603220	NOKL	603245	NOKL	603270	NOKL	603295
NOKL	603221	NOKL	603246	NOKL	603271	NOKL	603296
NOKL	603222	NOKL	603247	NOKL	603272	NOKL	603297
NOKL	603223	NOKL	603248	NOKL	603273	NOKL	603298
NOKL	603224	NOKL	603249	NOKL	603274	NOKL	603299
NOKL	603225	NOKL	603250			Count:	98